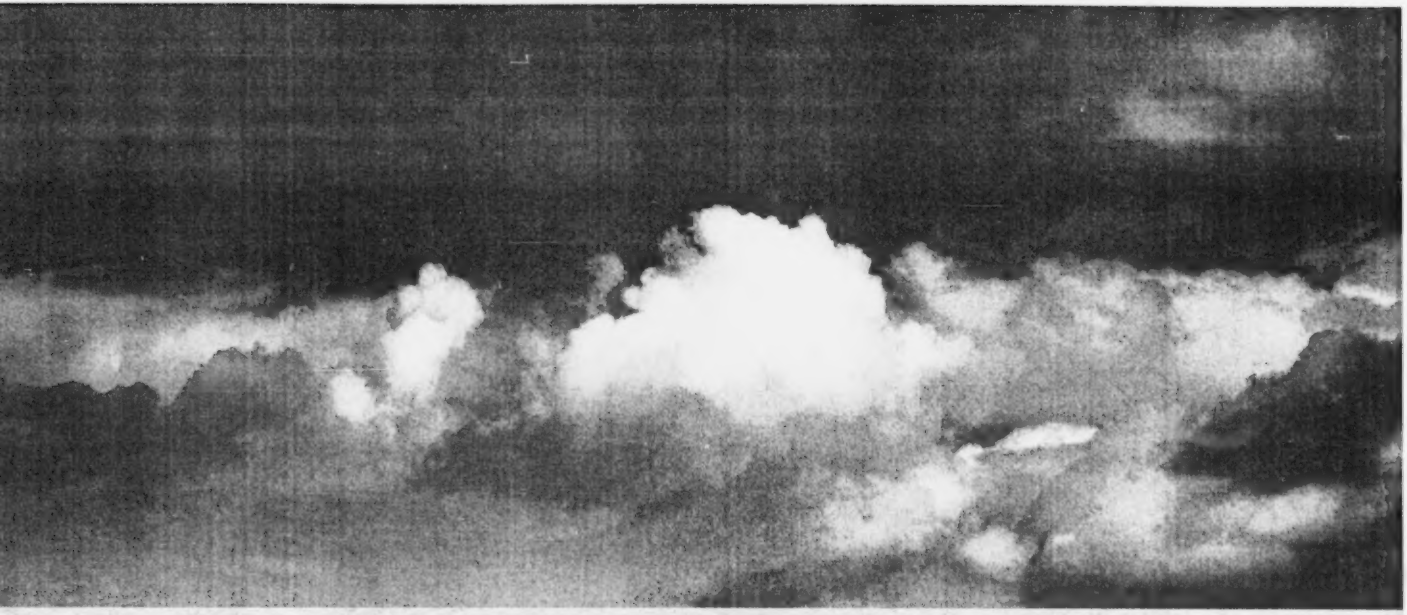
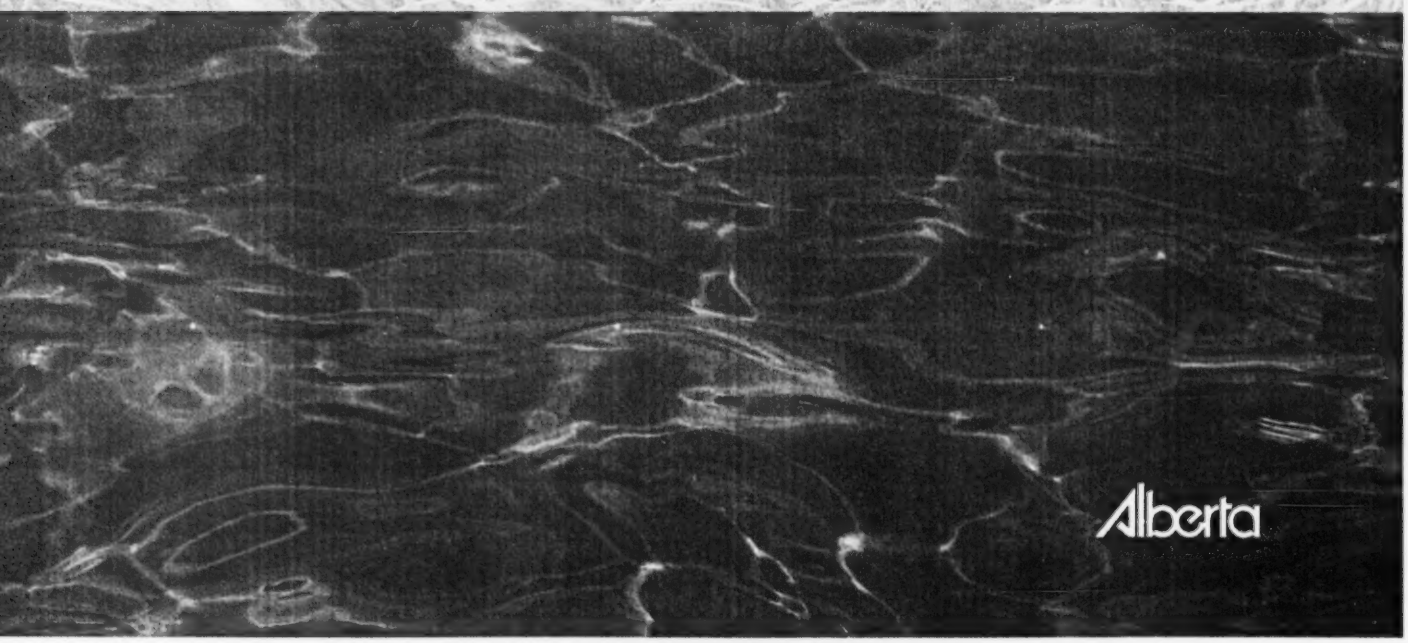
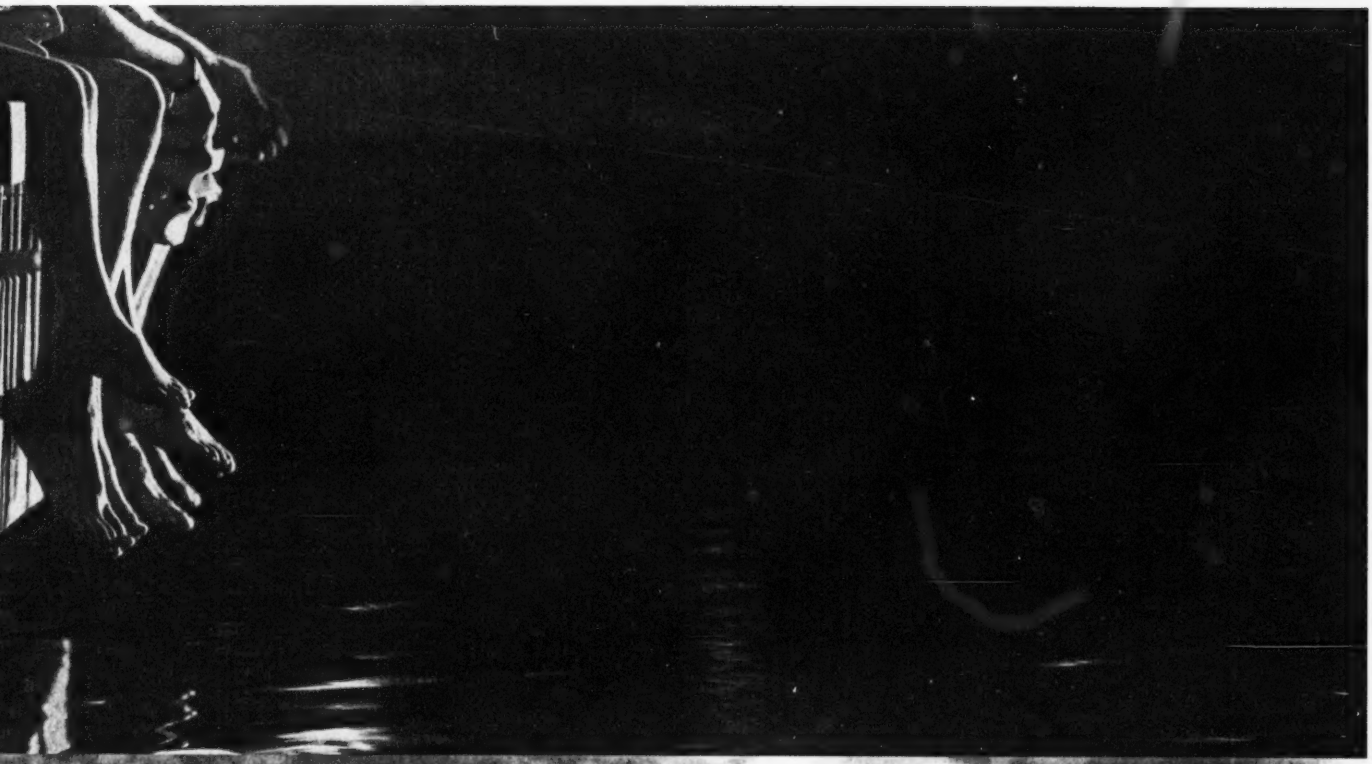


leading the way
working **together**
making a difference

MINISTRY OF ENVIRONMENT
2005-2006 ANNUAL REPORT





message from the minister

Alberta was the first province in Canada to have a Ministry of Environment, dating back to 1971. This reflects the deep commitment Albertans and the Government of Alberta has towards our environment.

As Alberta's Environment Minister, I remain personally committed to ensuring this province's land, air and water are protected. In fact, following the train derailment at **Lake Wabamun**, the first-ever **Environmental Protection Commission** was formed to review and make recommendations on Alberta's ability to respond to environmental incidents. Chaired by University of Alberta Chancellor Eric Newell, the Commission's recommendations will help Alberta achieve a world-class system for managing risks and responding to emergencies, including environmental disasters. One of the Commission's recommendations was the formation of the Alberta Environmental Emergency Response Team, also known as the Environmental **"SWAT"** team.

In 2005-06, Alberta Environment continued to provide leadership in ensuring the sustainability of our diverse environment, while balancing strong communities and a prosperous economy. My Ministry, together with our partners, continued implementation of ***Water for Life: Alberta's Strategy for Sustainability*** and the province's climate change action plan, ***Albertans & Climate Change: Taking Action***. In the last fiscal year, it has become increasingly important to work together to ensure Alberta remains a world leader in environmental management.

This Fall 2006, we are hosting a **Youth Environment Summit** to tap into the 21st century thinking of tomorrow's leaders. The summit will bring Alberta youth together to share concerns and ideas to enhance environmental protection in the province. By working together, we can develop the big ideas and the technology to make a difference, and by sharing them with the world we can put Alberta on the map as the environmental capital of North America.

I applaud everyone who helped make the 2005-06 fiscal year a progressive one for Alberta Environment. Together, we can continue to ensure Alberta's valued land, air and water are sustained for future generations.

Original signed by

Hon. Guy Boutilier
Minister of Environment

preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta released June 26, 2006 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Env. ıment contains the Minister's accountability statement, the audited financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

> the financial statements of entities making up the Ministry, including the Department of Environment, for which the Minister is responsible;

> other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as part of the financial statements, to the extent that the Ministry has anything to report, and

> financial information relating to trust funds.

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minister's accountability statement

The Ministry's Annual Report for the year ended March 31, 2006, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 1, 2006 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by

Hon. Guy Boutilier
Minister of Environment

management's responsibility for reporting

The Ministry of Environment includes the Department of Environment and the Environmental Appeals Board.

The executives of the individual entities within the Ministry have primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statement and performance results for the Ministry rests with the Minister of Environment. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control, which give consideration to costs, benefits, and risks that are designed to:

> Provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,

> Provide information to manage and report on performance,

> Safeguard the assets and properties of the Province under Ministry administration,

> Provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Environment any information needed to fulfill their responsibilities, and

> Facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

Original signed by

C. Peter Watson, P.Eng.
Deputy Minister of Environment
September 1, 2006

overview

highlights

Sustainable Resource and Environmental Management Framework

Alberta Environment, together with Alberta Energy and Alberta Sustainable Resource Development committed to and signed a Sustainable Resource and Environmental Management (SREM) Charter. This Charter confirms the commitment to work more closely with each other, other departments, and Albertans to integrate natural resource and environmental management policies, streamline regulatory processes and align information that can be shared. Through SREM, Alberta aims to become the best natural resource and environmental managers in the world. SREM accomplishments in 2005-06 include the following highlights:

THE LAND USE FRAMEWORK

An initiative was established to develop a provincial Land Use Framework. This framework will provide an over-arching vision and outcomes for land use on public and private land in the province. Development of the framework will engage Albertans in a discussion of current and future land use needs, issues, and opportunities. In 2005-06, government approved the project's scope and schedule, as well as the consultation process the project will use.

THE OILSANDS STRATEGY

The government formed a Stakeholder Consultation Group to recommend plans for consulting on policy principles for Alberta's oilsands area. The MLA-led Stakeholder Consultation Group submitted its recommendations on March 31, 2006.

UPSTREAM OIL AND GAS REGULATORY REVIEW

A cross-ministry team led by Alberta Environment was established and completed an interim report, providing recommendations for an integrated policy framework for the upstream oil and gas sector, which was submitted to Deputy Ministers on March 31, 2006. The recommendations include advice on issues, solutions and opportunities, and incorporates advice from stakeholder interviews and a stakeholder workshop on November 18, 2005.

INFORMATION SHARING

An information-sharing initiative for the three ministries is underway. Agreement on principles for information sharing has been reached and a cross-ministry project team has been established to analyze opportunities.

Water

Two major events occurred relating to water in Alberta in 2005-06: the flooding in central and southern Alberta, and the train derailment which led to the spill of Bunker C oil and pole treating oil into Lake Wabamun.

Alberta Environment provided active support during and following the June 2005 flood in central and southern Alberta. During the event, staff sustained 24-hour professional and technical flood management support, provided emergency operations support in several communities, worked cooperatively with local governments to support public safety and to ensure protection of drinking water supplies, continued to operate and manage water management infrastructure, interpreted flood risk maps, and collected high water level data in cooperation with other agencies. Following the flood, Alberta Environment continued to provide support to communities and worked to alleviate flood damage.

In response to the train derailment at Lake Wabamun in August 2005 and its impact on water quality, the Environmental Protection Commission was established to review and make recommendations on Alberta's ability to respond to environmental incidents. The Commission released its final report in December 2005 listing 10 recommendations to strengthen Alberta's disaster response system. The Commission's recommendations will help Alberta achieve a world-class system for managing risks and responding to emergencies including environmental disasters.

In follow-up to one of the Environmental Protection Commission recommendations, a high level business unit model was developed for the new Alberta Environmental Emergency Response Team. Work was started on the details of the major business processes that will be used by the team.

Performance Measures

On the whole, Alberta Environment's performance measures show that Alberta continues to enjoy a high quality environment. To better demonstrate progress towards achieving business plan goals, four new performance measures appear in this Annual Report:

> Community Flood Risk Mapping
> New Renewable and Alternative Energy Generation
> Beverage Container Return Rate
> Used Oil Recovery Rate

Drinking Water Safety Indicator

The Drinking Water Safety Indicator shows improvement in regulated drinking water facilities and their operation in 2005-06. There were more facilities meeting the latest facility design standards, and fewer facility operational requirements and water quality incidents than the previous year.

Air Quality Index

The Air Quality Index showed that Alberta continues to have very high air quality with "good" air quality days occurring 99 per cent of the time in 2005. This is two per cent higher than the target of 97 per cent.

Community Flood Risk Mapping

The Community Flood Risk Mapping performance measure shows the number of flood risk mapping reports completed, and the number of flood risk maps available on Alberta Environment's website for communities identified as having a flood risk. In 2005-06, the total number of flood risk mapping reports completed rose by two to 36, and the total number of flood risk maps available on Alberta Environment's website rose by two to 37. This is on target for completing the reports, and exceeds the target for maps available on the website. The purpose of flood risk mapping is to reduce potential flood damages and costs to Canada, Alberta and the public by identifying flood risk areas and encouraging appropriate development in those areas.

New Renewable and Alternative Energy Generation

The New Renewable and Alternative Energy Generation performance measure indicates the increase in renewable and alternative energy portion of total provincial electricity sales from 2001. Over the past year, Alberta made significant progress towards increasing the renewable and alternative energy generation portion of total provincial electricity sales by 3.5 per cent from 2001 levels by 2008. As of 2005, Alberta has achieved 3.4 per cent, which is more than double the 2005 target of 1.5 per cent, and approximately 95 per cent of the way to achieving the 2008 target.

Beverage Container Return Rate and Used Oil Recovery Rate

In 2005, the Beverage Container Return Rate showed that 78 per cent of beverage containers were returned for recycling, which is short of the 85 per cent target. The Used Oil Recovery Rate showed that 77 per cent of used oil was recovered in 2005, exceeding the 75 per cent target.

Financial Information

Ministry-voted expenditures were $141.0 million, which is within the total authorized budget, that includes the supplementary funding for continuing grant obligations under the Alberta Waste Management Assistance Program and Alberta Water Management and Erosion Control Program.

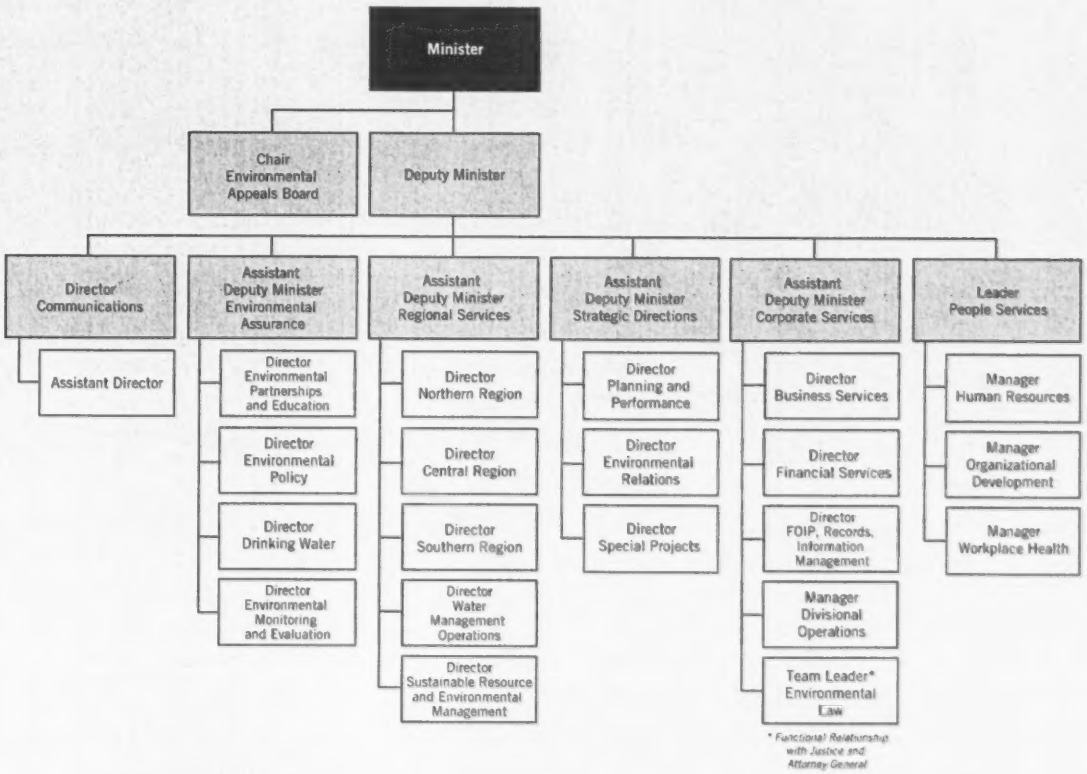
Revenue was $11.8 million, which was $3.0 million higher than the budget of $8.8 million. This is mainly due to increased revenues received from the use of our water management infrastructure.

an operational overview

The Ministry of Environment consists of the Department of Environment and the Environmental Appeals Board, which is a quasi-judicial board reporting to the Minister. In addition, three Delegated Administrative Organizations report to the Minister and operate with separate board governance and financial management. They are the Alberta Recycling Management Authority, the Beverage Container Management Board and the Alberta Used Oil Management Association.

The Ministry's authority to carry out its mandate is based on the *Environmental Protection and Enhancement Act*, the *Water Act* and the *Climate Change and Emissions Management Act*.

Organizational Chart



Environmental Appeals Board

Steve E. Hrudey
Phone: (780) 427-6207
www.gov.ab.ca/eab

The Environmental Appeals Board operates at arm's length from Alberta Environment, and reports directly to the Minister of Environment.

The Environmental Appeals Board (EAB), consistent with the *Environmental Protection and Enhancement Act* and the *Water Act*, provides fair, impartial and efficient resolution of all matters before it. The Board's goal is to advance the protection, enhancement and wise use of Alberta's environment.

The EAB was established on September 1, 1993 under Alberta's *Environmental Protection and Enhancement Act*. The EAB hears appeals under the *Environmental Protection and Enhancement Act*, the *Water Act* and Schedule 5 of the *Government Organization Act*.

The EAB has the power to make recommendations to the Minister of Environment, with the Minister making the final decision. On matters relating to requests for confidentiality, stays, costs, administrative penalties, and certain matters relating to water works, the EAB make the final decision. The EAB does not replace or eliminate the right of Albertans to seek judicial review in the courts.

VISION

Promote a high quality of life in Alberta through the timely and thorough review of environmental decisions.

MISSION

The Environmental Appeals Board will advance the protection, enhancement and wise use of Alberta's environment by providing fair, impartial and efficient resolution of all matters before it.

The EAB issues its own annual report at www.gov.ab.ca/eab/publications.htm.

Alberta Environment

C. Peter Watson, Deputy Minister
Phone: (780) 427-6236
www.environment.gov.ab.ca

Alberta Environment oversees policies and initiatives associated with air quality, water management, waste management, land use and climate change. The department manages the provincial environmental review process and coordinates public education on conservation and environmental protection. Alberta Environment is also responsible for environmental monitoring and compliance programs to enforce Alberta's environmental legislation and regulations.

VISION

Alberta's environment sustains a high quality of life.

MISSION

Steward and protect Alberta's environment to sustain diverse ecosystems, healthy Albertans, strong communities and a prosperous economy.

VALUED BEHAVIOURS

The Ministry's values are reflected in our corporate and individual behaviours. They define how we treat our stakeholders, clients, partners, the public, and each other.

Respect
We trust each other, respect the opinions of others, and others respect us.

Knowledge
We value informed decision-making based on clear problem definition, appropriate context, and shared information and analysis.

Continuous Learning
We acquire new skills that increase our capacity for improvement and innovation, and our ability to achieve corporate and personal goals.

Shared Responsibility
We work collaboratively with others to achieve environmental goals.

Integrity
We follow through on our commitments, providing reliable and ethical service.

Leadership
We model the way forward while encouraging and enabling others to be leaders.

CORE BUSINESSES

Alberta Environment has two core businesses: Assuring Environmental Quality, and Sharing Environmental Management and Stewardship.

Core Business One: Assuring Environmental Quality
The Ministry ensures that our environment is clean and safe for current and future generations of Albertans. Ministry programs that support this core business include: approvals, compliance and enforcement, monitoring and evaluation, standards, water operations, business planning and performance, policy development and innovation, and reclamation and emergency preparedness.

The two goals linked to this core business are:

> Goal One: Alberta's environment is clean and safe

> Goal Two: Albertans receive effective and efficient services

Core Business Two: Sharing Environmental Management and Stewardship
Ensuring a high quality environment is a shared responsibility. The Ministry is committed to working with citizens to manage the environment for the benefit of current and future generations in Alberta. This includes sharing timely and credible information about the environment, so that Albertans can make informed decisions. Ministry programs that support this core business include: *Water for Life*, climate change, educational awareness, integrated resource management, intergovernmental relationships and partnerships, and Ministry support services.

The goal linked to this core business is:

> Goal Three: Albertans work with others to safeguard the environment

OPERATIONS AND SERVICES

Alberta Environment is a partner in protecting and enhancing Alberta's natural environment.

We work with our partners in their communities to ensure Albertans continue to enjoy the clean and healthy environment that is such an important part of our province's natural beauty. To do this effectively, we have staff located in more than 120 communities throughout Alberta.

Alberta Environment is led by an Executive Team and is organized into six main areas: Environmental Assurance, Regional Services, Strategic Directions, Corporate Services, Communications and People Services.

Executive Team
C. Peter Watson, Deputy Minister
Phone: (780) 427-6236

Executive Team provides strategic, supportive, and results-oriented leadership. The team members are the Deputy Minister, the leaders of the six main areas of the department, and the Deputy Minister's Executive and Administrative Assistants. The Executive Team works together serving in their governance role by leading a system-based integrated approach, implementing strategic initiatives in a structured and managed way, focusing on doing the right things, and enhancing the Ministry's role as environmental leaders.

Environmental Assurance Division
Beverly Yee, Assistant Deputy Minister
Phone: (780) 427-6247

Environmental Assurance has a lead role in facilitating activities associated with policy, stewardship, and environmental systems. Key activities include policy development and integration, environmental monitoring and reporting, environmental education, enabling environmental stewardship through partnerships, and validating and assuring results.

Regional Services Division
Jay Nagendran, Assistant Deputy Minister
Phone: (780) 427-1335

Regional Services provides a community-level service approach through a front-line, regional program delivery model comprised of three regions (north, central and south) and Water Management Operations. Regional operational responsibilities include approvals, compliance and environmental management, with each Regional Office providing leadership for issues within their respective region. Water Management Operations operates and maintains the provincially owned water management infrastructure throughout the province. Regional Services is in the process of evolving its delivery model to focus on establishing and achieving environmental outcomes in partnership with communities, industry and Albertans.

Strategic Directions Division
John Knapp, Assistant Deputy Minister
Phone: (780) 415-8183

Strategic Directions provides strategic leadership and support services to the Ministry and Government of Alberta in identifying, measuring and achieving desired sustainable resource and environmental management outcomes. Strategic Directions brings strategic perspective and context to department initiatives, promotes corporate alignment, provides risk assessment, and assists the department in building a cross-ministry shared vision and shared responsibility with partners. Key functions include strategic business and operational planning, development and management of the Ministry's legislation, coordination of partnerships, support for department shifts with specific focus on the systems management approach and continuous improvement, cross-ministry policy integration, risk assessment, special projects and the integration of climate change into departmental operations.

Corporate Services Division
Vacant, Assistant Deputy Minister
Phone: (780) 422-6082

Corporate Services' role is to provide ongoing support, guidance and advice to the department in areas of financial services, information technology, freedom of information and protection of privacy, records and information management, administrative services and legal services. Staff from the Corporate Services Division represent the department on numerous departmental and intergovernmental strategic committees to fulfill the government's goal of being open and transparent with other ministries, citizens, communities, industry and governments. The sharing of environmental information provides Albertans the opportunity to make sound decisions regarding the state of our environment.

Communications Division
Kim Hunt, Director
Phone: (780) 427-2848

The Communications Division provides the Ministry with quality, coordinated communication resources to build open communication between the Ministry and Albertans. The Division provides comprehensive communications support to department initiatives, programs and services. It also works in partnership with government Ministries, other orders of government, and community and industry organizations to communicate key events and initiatives. The Communications Division provides strategic communications support to key department actions and serves as a spokesperson for the Ministry on corporate issues.

People Services Division
Mary Jefferies, Leader
Phone: (780) 422-7669

People Services sets the overall strategy for the optimum utilization of Alberta Environment's most important asset – its people. Through the development of the People Plan, People Services supports the department's business plan and strategic priorities. People Services consists of three units: Human Resources, Organizational Development and Workplace Health.

People Services provides advice, guidance and strategic direction with respect to initiatives and activities impacting the people working in Alberta Environment. This includes planning, coordinating and implementing recruitment and classification actions, organizational design processes, organizational development plans, work place culture initiatives, and work place health and safety strategies.

key activities in 2005-06

Legislative Initiatives

The Ministry streamlined regulations by implementing three new codes of practice and amending seven regulations.

Codes of practice are province-wide operating rules for activities that ensure consistency in operating requirements. They rely on the use of registrations or notices, which are less costly and onerous than approvals to authorize activities. The new codes reduced workloads for Albertans on over 250 registrations and approvals affecting:

> Compost facilities;
> Waste management activities; and
> Coal and oilsands exploration activities.

Regulations for emissions trading for nitrogen oxide and sulphur dioxide emissions from the electricity sector and mercury control at coal-fired power plants represent creative and flexible solutions to difficult environmental issues. The Emissions Trading Regulation establishes a registry, sets out who must or may participate in the emissions trading system, and how credits are generated, traded and used. The Mercury Emissions from Coal-fired Power Plants Regulation sets out the requirements for industry to design, install, run and optimize mercury control for existing generating units.

Alberta conducted stakeholder consultations on proposed amendments to the *Climate Change and Emissions Management Act* as well as the proposed cross cutting provisions of the Specified Gas Emitters Regulation. Alberta will continue to work with stakeholders to finalize both the Act and the regulations.

The *Stettler Regional Water Authorization Act* is a special Act of the Legislature for interbasin transfer of piped water for the Stettler Regional Water Services Committee water supply project.

Amendments to the Waste Control Regulation were made to adjust the setback distances from landfills and water bodies.

results analysis

message from the deputy minister

Since its inception in 1971, Alberta Environment has faced tough challenges and achieved significant milestones. The last fiscal year was certainly no exception.

As Alberta's economy and population continue to grow, so too will the demands on our environment. Albertans want their environment protected, and they hold the Government of Alberta ultimately accountable.

In 2005-06, Alberta Environment staff devotion and dedication to the environment was – and continues to be – the foundation on which the success of this department is built. Staff choose to work here because they care about the environment, and they want to make a difference.

I commend all staff and our partners for continued success as we continue to lead way, work together, and make a difference in sustaining Alberta's environment.

Original signed by

C. Peter Watson, P.Eng.
Deputy Minister of Environment

reader's guide

The *Ministry of Environment 2005-06 Annual Report* is the key accountability document relative to the *Ministry of Environment 2005-08 Business Plan*. The Results Analysis section provides a discussion of the results and performance of the Ministry during the 2005-06 fiscal year and includes two main parts:

Expense by Core Business

This portion outlines the amount of the total Ministry expense directed at achieving each of the two core businesses in 2005-06. An accompanying figure presents each expense amount as a percentage of the total Ministry expense, and shows which Ministry programs are part of each core business.

Discussion and Analysis of Results

This portion provides the progress that has been made on the numerous business plan strategies, as well as the results for the 10 performance measures that are used to track progress towards achieving the three goals in 2005-06. For each performance measure, a brief description, the target, the most current results available, and a discussion of the results are reported. Data sources and methodology provide additional information about the composition of the performance measures. Changes to performance measures information are included as well.

There is an integrated discussion of financial and non-financial information relative to the results achieved and significant events in 2005-06, as well as forward-looking information that reflects the experience gained by the Ministry during the year in the context of the next business planning cycle.

report of the auditor general on the results of applying specified auditing procedures to performance measures

To the Members of the Legislative Assembly

Management is responsible for the integrity and objectivity of the performance results included in the *Ministry of Environment's 2005-06 Annual Report*. My responsibility is to carry out the following specified auditing procedures on performance measures in the annual report. I verified:

COMPLETENESS

1. Performance measures and targets matched those included in Budget 2005. Actual results are presented for all performance measures (see exception below).

RELIABILITY

2. Information in reports from external organizations, such as Statistics Canada, matched information that the Ministry used to calculate the actual results.
3. Information in reports that originated in the Ministry matched information that the Ministry used to calculate the actual results. In addition, I tested the processes the Ministry used to compile the results.

COMPARABILITY AND UNDERSTANDABILITY

4. Actual results are presented clearly and consistently with the stated methodology and are presented on the same basis as targets and prior years' information.

I found an exception for the measure *Stakeholder Satisfaction with Ministry Services*. There was no survey data available for this measure; therefore, I was not able to complete procedures one to four above. Management explains in the Discussion and Analysis of Results section under Goal 2 why survey data was not available.

As this examination was limited to these procedures, I do not express an opinion on whether the set of measures is relevant and sufficient to assess the performance of the Ministry in achieving its goals.

Original signed by Fred J. Dunn, FCA in printed version.
Auditor General

Edmonton, Alberta
August 9, 2006

expense by core business

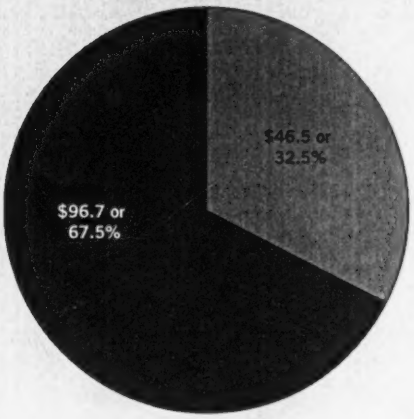
Table 1
Ministry Expense by Core Business

Year ended March 31, 2006
(unaudited)
(in thousands)

	2006		2005
	Budget	Actual	Actual
Assuring Environmental Quality	$ 97,416	$ 96,670	$ 86,134
Sharing Environmental Management and Stewardship	40,426	46,525	46,318
Total Ministry Expense	**$ 137,842**	**$ 143,195**	**$ 132,452**

Note: The total Ministry expense is included in only one function, Environment.

Figure 1
2005-06 Ministry Expense by Core Business
(in millions)



Core Business: Assuring Environmental Quality
Programs
> Approvals
> Compliance and Enforcement
> Monitoring and Evaluation
> Standards
> Water Operations
> Business Planning and Performance
> Policy Development and Innovation
> Reclamation and Emergency Preparedness
> Amortization of Tangible Capital Assets

Core Business: Sharing Environmental Management and Stewardship
Programs
> Water for Life
> Climate Change
> Educational Awareness
> Integrated Resource Management
> Intergovernmental Relationships and Partnerships
> Ministry Support Services
> Valuation Adjustments

discussion and analysis of results

Core Business One – Assuring Environmental Quality

Goal One
Alberta's environment is clean and safe

Sustainable Resource and Environmental Management Framework

> In January 2006, the Executive Committees of Alberta Environment, Alberta Sustainable Resource Development and Alberta Energy signed a Sustainable Resource and Environmental Management Charter that commits the Ministries to work more closely with Albertans, with each other, and with other departments. The Charter states the Government of Alberta's goal of becoming the best natural resource and environmental managers in the world and includes a series of cross-ministry principles and valued behaviors.

Sustainable Resource and Environmental Management is an approach – a way of thinking and acting – to working together and taking joint responsibility to achieve agreed-upon natural resource and environmental outcomes.

> The Upstream Oil and Gas Policy Integration project aims to eliminate policy and regulatory overlaps, inconsistencies, and gaps so stakeholders have clear and consistent information on expectations associated with upstream oil and gas development. The project partners are Alberta Environment, Alberta Energy, Alberta Sustainable Resource Development, and the Alberta Energy and Utilities Board. Respecting the critical role stakeholders play in developing options for improving regulatory efficiency and achieving environmental outcomes, in November 2005 the project team began its work with stakeholders by conducting one on one interviews and a stakeholder workshop. A report detailing the integrated policy framework principles was completed, forming a precursor to the conceptual design of an integrated delivery mechanism for the upstream oil and gas sector.

> Alberta Environment entered into a partnership with the Environmental Services Association of Alberta who will take on a leadership role in the running of Alberta's Recycling Information Line. The service answers approximately 700 calls a month from municipalities, businesses and the general public, addressing a variety of questions on recycling and waste minimization.

> New websites for environmental education and the department's Information Centre were launched in 2005-06. The Information Centre website includes a new section on frequently asked questions.

Water

> Alberta Environment responded to the June 2005 flood in central and southern Alberta by:

- Sustaining 24-hour professional and technical flood management support;
- Operating and managing water management infrastructure;
- Interpreting flood risk maps;
- Working cooperatively with local governments to support public safety and to ensure protection of drinking water supplies;
- Providing emergency operations support in Calgary, Red Deer, High River, Drumheller, and other communities;
- Providing 24-hour onsite support during critical time periods to Emergency Management Alberta; and
- Collecting high water level data in cooperation with other agencies.

Following the flood, Alberta Environment continued to provide support by:

- Providing technical advice and assistance to municipalities and landowners to alleviate flood damage such as erosion of river banks and dikes, water overflows, and damage to water and wastewater treatment facilities;
- Investigating possible dam failures;
- Streamlining the approvals process to allow emergency work to be done;
- Following up on boil water advisories to ensure drinking water quality was restored to the appropriate standards;
- Processing flood damage repairs and erosion control approvals;
- Preparing the Southern Region Emergency Plan draft strategy;
- Discussing flood management and post-flood damage with local authorities and individual stakeholders;
- Doing flood damage repair work;
- Reviewing the Town of Okotoks flood risk mapping; and
- Holding a one-day Drumheller open-house session to review the impact of the flood, particularly on the Dickson Dam operations.

> Alberta Environment responded to the train derailment which led to the spill of Bunker C oil and pole treating oil into Lake Wabamun and its impact on water quality by:

- Coordinating and reviewing cleanup efforts and monitoring plans;
- Designing, managing and reporting on main lake water quality monitoring;
- Participating in the Shoreline Clean-up Assessment Team;
- Attending public meetings; and
- Participating in significant cooperation between industry, stakeholders, provincial and federal agencies.

In response to this incident, the Environmental Protection Commission was established to review and make recommendations on Alberta's ability to respond to environmental incidents. The Commission released their final report in December 2005 listing 10 recommendations to strengthen Alberta's disaster response system. The Commission's recommendations will help Alberta achieve a world-class system for managing risks and responding to emergencies including environmental disasters.

Alberta Environment is one of four departments on the Ministerial Steering Committee and the Deputy Ministers' Implementation Team overseeing the implementation of the Environmental Protection Commission recommendations. A draft implementation plan was developed, and work is occurring in all areas.

In follow-up to one of the Environmental Protection Commission recommendations, a high level business unit model was developed for the new Alberta Environmental Emergency Response Team. Work was started on the details of the major business processes that will be used by the team.

> Alberta Environment moved forward with action and progress in implementing *Water for Life: Alberta's Strategy for Sustainability* including:

- Continuing annual inspections of drinking water facilities;
- Working closely with several operators to ensure safe drinking water supply for users following the June 2005 floods;
- Launching a Water Use Reporting System to collect actual water use data on-line from *Water Act* licence holders;
- Continuing work with Alberta Infrastructure and Transportation to rehabilitate and maintain provincially owned water management infrastructure;
- Completing a final report of potential reservoir sites as part of the watershed planning process; and
- Beginning the review and examination of best management alternatives for the operation and maintenance of single end-use water infrastructure.

> Alberta Environment is undertaking two new initiatives as part of its ongoing strategy to ensure groundwater resources are protected. The first is development of standard procedures and reporting requirements for baseline testing of well water to establish water quality prior to coalbed methane drilling. The second is a two-year program to map groundwater resources in central Alberta.

> Working in partnership with Alberta Energy, Alberta Environment began establishing a stakeholder consultation group to revise plans for consulting on policy principles for Alberta's oilsands area. The group will be comprised of representatives from environmental organizations, First Nations, industry, and government.

Land

> The Land Use Framework (LUF) was initiated as a cross-ministry initiative with seven co-lead ministries: Alberta Sustainable Resource Development; Alberta Environment; Alberta Energy; Alberta Municipal Affairs; Alberta Aboriginal Affairs and Northern Development; Alberta Agriculture, Food and Rural Development; and Alberta Community Development.

The framework will be a key foundation piece to guide and sustain the province's resource-based economy and environment for the next 15 to 20 years. The result will be more integrated policies and initiatives, and more effective planning and decision-making.

Development of the LUF will engage Albertans in a discussion of current and future land use needs, issues, and opportunities. It will provide an over-arching vision and outcomes for land use on private and public land in the province.

> Alberta Environment met with some land trust organizations and began planning to involve key partners in a project to support voluntary, private land conservation in the province.

> The department completed stakeholder consultation regarding a long-term strategy for waste reduction and management in Alberta in March 2006. A Waste Management Stakeholder Group consisting of representatives from all areas of waste management identified outcomes and strategies to reduce waste, develop the infrastructure required to encourage resource recovery over disposal, and to ensure environmental protection as changes are implemented.

> In preparation for the development of a provincial conservation strategy, Ministry representatives met with some of the world's most innovative waste management experts including government officials, researchers, and in industry representatives in Germany, the Netherlands, and Sweden to discuss best practices.

> As part of the Waste Management Assistance Program, which was established to help urban and rural municipalities manage their waste, more than two dozen Alberta communities were provided assistance to upgrade or expand their landfills or recycling facilities.

> Five stakeholder consultation workshops were held across the province to discuss the proposed provincial paint stewardship program.

> Waste Reduction Week was celebrated in Alberta on October 17-23, 2005.

- Public awareness and outreach events were held across the province to educate Albertans on waste reduction and recycling practices.
- All grade four classes in Alberta were invited to participate in the Reduce Your "Waste" line program.
- Innovative businesses were profiled that have prospered by reducing industry waste and helping others become environmental leaders.

> Alberta Environment launched Sort It Out! on May 2, 2005 in partnership with Access TV, the City of Edmonton, and the Beverage Container Management Board. Sort It Out! is a package of resources for Alberta students and educators about waste management using the City of Edmonton as an example. Approximately 1,070 *SortItOut.ca* teaching kits were distributed between September 2005 and February 2006. This project won a Canadian New Media Award for Excellence in Learning. The initiative was also nominated for an Emerald Award while the DVD was nominated for an Alberta Film and Television Award for Best New Media Production.

> Department staff established several public demonstration sites featuring environmentally friendly products, energy-saving devices and recycled materials. Projects and partners include: City of Edmonton (diesel filters for buses), Sam Livingstone Fish Hatchery (visitor centre upgrades), John Jantzen Nature Centre (rubber bricks and composting toilet), Cypress Hills Dark Sky Project (energy efficient lighting), Alberta Environment (hybrid vehicles), Red Deer Waskasoo Park (solar panels and energy efficient heating), Leduc and District Regional Landfill Waste Management Authority (landfill gas), Alberta Infrastructure and Transportation (legislative grounds recycling) and Alberta Irrigation Association (lawn and water gardening software).

> In August 2005, the second edition of Saving the World Begins at Home, a Personal Guide to Managing Household Waste was published (also available at www.gov.ab.ca/env/waste/aow/factsheets/Other/SavingtheWorldBeginsatHome.pdf). This popular booklet assists Albertans in making better decisions at home about what to buy, and how to dispose of it, to minimize waste and to help protect our environment. Partners include the City of Calgary, Canada Mortgage and Housing Corporation and the Recycling Council of Alberta.

> Through a partnership with the Rotary Clubs of Southern Alberta, the Centennial Tree Program delivered over 3,500 trees to 146 groups. The Arbor Day Program, which promotes how important trees are to the neighborhoods we live in, reached over 45,000 young Albertans in 2005.

> Alberta Environment presented a Selenium Workshop as part of an initiative to obtain a science-based assessment of the effects and possible management approaches to selenium at Alberta mountain coal mines.

> In cooperation with the City of Edmonton, Alberta Environment initiated the Brownfield Redevelopment Grant Pilot Program, intended to provide an incentive to landowners to remediate soil and groundwater contamination and re-develop their property.

Air

> Alberta Environment renewed its commitment to continuing to work with the multi-stakeholder, consensus-based organization Clean Air Strategic Alliance (CASA) on air quality issues in the province.

> The department continued implementation of CASA's Electricity Project Team's recommendations, which includes meetings with stakeholders and the general public. The comments received significantly impacted the development of the regulations for emissions trading and the mercury control program.

> Staff prepared guidance documents for stakeholders on cogeneration emissions, historical baseline calculation for emissions trading. In partnership with stakeholders, a process was developed for identifying "Hot Spots" in the future.

> A new strategic plan for ambient air quality monitoring in Alberta was developed through a CASA project team. The new plan will take into consideration all monitoring conducted by industry, airsheds, the provincial government, and the federal government.

> A new Air Monitoring Directive was developed that outlines acceptable methods for air monitoring conducted by industry, airshed, and government organizations. This Directive will ensure the collection of high quality, consistent, and verifiable air quality data in Alberta.

> The department implemented the CASA Particulate Matter and Ozone Management Framework, which is Alberta's jurisdictional commitment to ensure that the Canada-wide Standards for air quality are achieved by the 2010 target date.

> Alberta Environment implemented the Acid Deposition Management Framework in 2005-06. Through the multi stakeholder Acid Deposition Management Framework, acid deposition data in Alberta is assessed against established targets.

Climate Change

> Alberta implemented Canada's first greenhouse gas reporting program for large emitters, working closely with other provinces and the federal government to ensure this program complements a national greenhouse gas reporting program. Alberta has completed two reporting cycles under this program.

> Alberta Environment continued to collaborate with Alberta Energy and Alberta Innovation and Science on a government and industry carbon dioxide infrastructure development initiative to assess the viability of a system for the capture, transportation, enhanced oil recovery (EOR) application and non-EOR storage of carbon dioxide.

> The Alberta Climate Change Adaptation Team (ACCAT) is mid-way through a Vulnerability Assessment project, which will provide insight into which sectors of the Alberta economy are most vulnerable to short term climate variability and long-term climate change. Work on methods development for the biophysical, economic and social components of this assessment is complete. The project is now focused on development of future scenarios, which will lead to recommendations for short and long term action on climate change adaptation.

> Alberta worked through the CASA process to develop further recommendations on supporting renewable and alternative energy in the province, as well as the identification of a potential role for CASA in the exploration of a broader renewable and alternative energy framework for Alberta.

> The government continued to demonstrate their action on climate change through several initiatives:

- Alberta Environment provided ongoing support for Climate Change Central to educate citizens and support projects that lead to reductions in greenhouse gas emissions;
- One hundred government fleet operators participated in a Fuel Efficient Driving course;
- Alberta Infrastructure and Transportation installed a solar photovoltaic system on the Pincher Creek Provincial Building to provide backup power for computers; and
- Alberta Environment added four additional fuel efficient or hybrid vehicles to its fleet.

Staff Capability

> Alberta Environment continued to support leadership development at all levels in the organization and demonstrate leadership as a valued behavior by:

- Promoting the Alberta Environment Management Leadership (MLP) and Alberta Environment/Alberta Human Resources and Employment Joint Leadership (JLP) programs. Sixty senior managers enrolled in the MLP and 96 staff enrolled in the JLP.
- Delivering seminars on Leaders as Coaches, Leading Change, and Leading through Conflict.

Performance Measures

1A. DRINKING WATER SAFETY INDICATOR

The Drinking Water Safety Indicator measures the ability of regulated facilities to provide safe drinking water. The indicator is comprised of three sub-measures:

> Facility Design Standards
The number of facilities meeting the most recent design standards.

> Facility Operational Requirements
The number of incidents where regulatory requirements have not been met that could lead to water quality incidents.

> Water Quality
The number of water quality incidents.

Results that show improvement in the measure demonstrate a successful drinking water program, ensuring Albertans continue to enjoy safe drinking water.

Target
> Facility Design Standards: 413
> Facility Operational Requirements: 20
> Water Quality: 31

Results
Overall, the Drinking Water Safety Indicator shows improvement in regulated drinking water facilities and their operation in 2005-06.

Facility Design Standards – 432 of the 554 regulated systems (78 per cent) had treatment technology in place meeting the latest standards, exceeding the target by 19 facilities. This is the second straight year of improvement, with upgrading at 14 facilities and 9 new facilities, all meeting the latest standards.

Facility Operational Requirements – 35 incidents were identified in 28 facilities this year, a decrease over the previous two years. The target of 20 relates to the original results from 2003-04; however these data were restated last year, so the target does not directly relate to the result. Targets have been adjusted accordingly in subsequent business plans.

Water Quality – there were 60 water quality incidents that occurred at 51 facilities. The number of incidents decreased over the previous year, however the number of facilities where these incidents occurred increased slightly. Facilities are required to self-report non-compliance and, in addition, Alberta Environment annually inspects approved facilities and reports the number of non-compliance incidents. The number of government identified incidents remains low in comparison to the number identified by the facility operators. This indicates that immediate action is being taken to correct the problem, and the problems are not sustained or going unnoticed. The results over time do not show a significant trend. The target of 31 relates to the original results from 2003-04; however these data were restated last year, so the target does not directly relate to the result. Targets have been adjusted accordingly in subsequent business plans.

Table 2
Drinking Water Safety Indicator

Facility Design Standards	2003-04	2004-05	2005-06
Number of Regulated Facilities	544	545	554
• Number of Facilities Meeting Newest Standards (1997)	377 (69%)	409 (75%)	432 (78%)
• Number of Facilities Meeting Pre-1997 Standards	167 (31%)	136 (25%)	122 (22%)
Facility Operational Requirements	**2003-04**	**2004-05**	**2005-06**
Number of Incidents	59	45	35
• Number of Facilities Where Incidents Occurred	40	35	28
Water Quality	**2003-04**	**2004-05**	**2005-06**
Number of Incidents Where Health Related Limits Were Exceeded	48	69	60
Number of Facilities Where Health Related Limits Were Exceeded	47	49	51

1B. RIVER WATER QUALITY INDEX

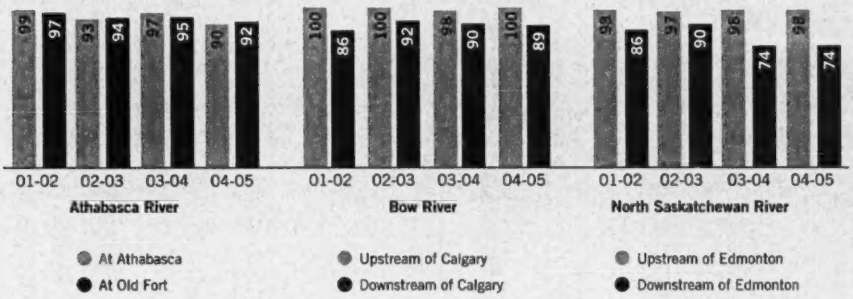
The River Water Quality Index is used to evaluate water in Alberta's major river systems with respect to four groups of variables: metals, bacteria, nutrients and pesticides. Results from these four groups are combined to provide an indication of overall water quality. River water quality is reported because the effects of human activities are generally more diverse and easier to measure in rivers than in lakes. The Index can be used to show relative differences in water quality between rivers, between sites on the same river (e.g., upstream and downstream from developed areas), and over time. Such differences highlight degradation or improvement that has a human cause.

Data for the River Water Quality Index are collected monthly at a number of locations throughout the province. These stations make up the provincial Long-Term River Network. Stations upstream and downstream from agricultural, industrial, or municipal areas are compared to examine the overall impact of these developments on river water quality. Index values for a sub-set of these stations, which represent the province's six major river systems, show changes in water quality that have occurred over the past four years.

Target

> 6 out of 6 river systems have "good" to "excellent" water quality

Figure 2
River Water Quality Index
(index 0-100)



Athabasca River
Pesticide and bacteria levels have remained very low at the Athabasca and Old Fort sites. Overall Index values have decreased this period due to higher spring and summer nutrient levels at the Athabasca site, and to an episodic increase in summer metal concentrations at both sites.

Bow River
This period, overall Index values are similar to those in recent years, reflecting generally better water quality upstream of Calgary than downstream. Nutrient and pesticide concentrations remain higher at the downstream site.

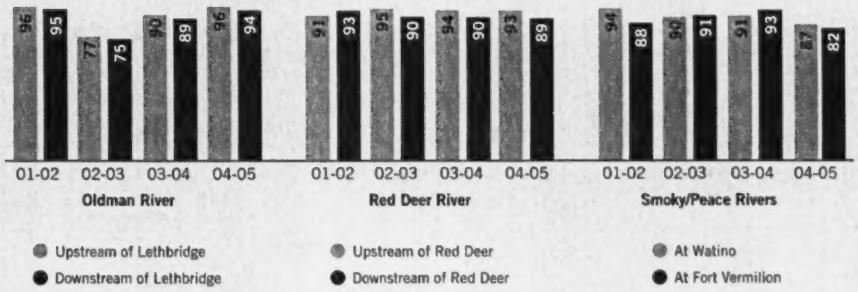
North Saskatchewan River
Water quality in 2004-05 is better upstream of Edmonton than downstream. In the 2003-04 and 2004-05 periods there is a notable decrease in the downstream Index relative to previous years. This is primarily due to increased bacterial counts and, to a lesser degree, nutrient and pesticide concentrations.

Results

In 2004-05, five out of six river systems continued to have "good" or "excellent" water quality. The exception was the North Saskatchewan River, which was rated as "fair" at the Pakan site, primarily due to increased bacterial counts and, to a lesser degree, nutrient and pesticide concentrations. The majority of Index values show no trend towards degradation in water quality.

In some cases, 2004-05 Index values for both upstream and downstream sites are higher than those for the previous year because of changes in local climatic conditions. In dryer years, less precipitation results in reduced surface runoff and therefore decreased movement of materials from the land to the water in some areas. In higher flow years, lower Index values can be expected due to increased movement of materials, whether naturally occurring or as a result of human activity, from the land to the water.

A number of natural and human factors can influence index values: river flow volume, temperature, the degree of development along rivers, non-point sources of runoff (such as agricultural fields), and point sources of effluent that discharge into rivers. For example, during spring runoff, concentrations of nutrients and metals may exceed guideline values, even in "natural" areas, simply because they are present in soils that are washed into river waters.



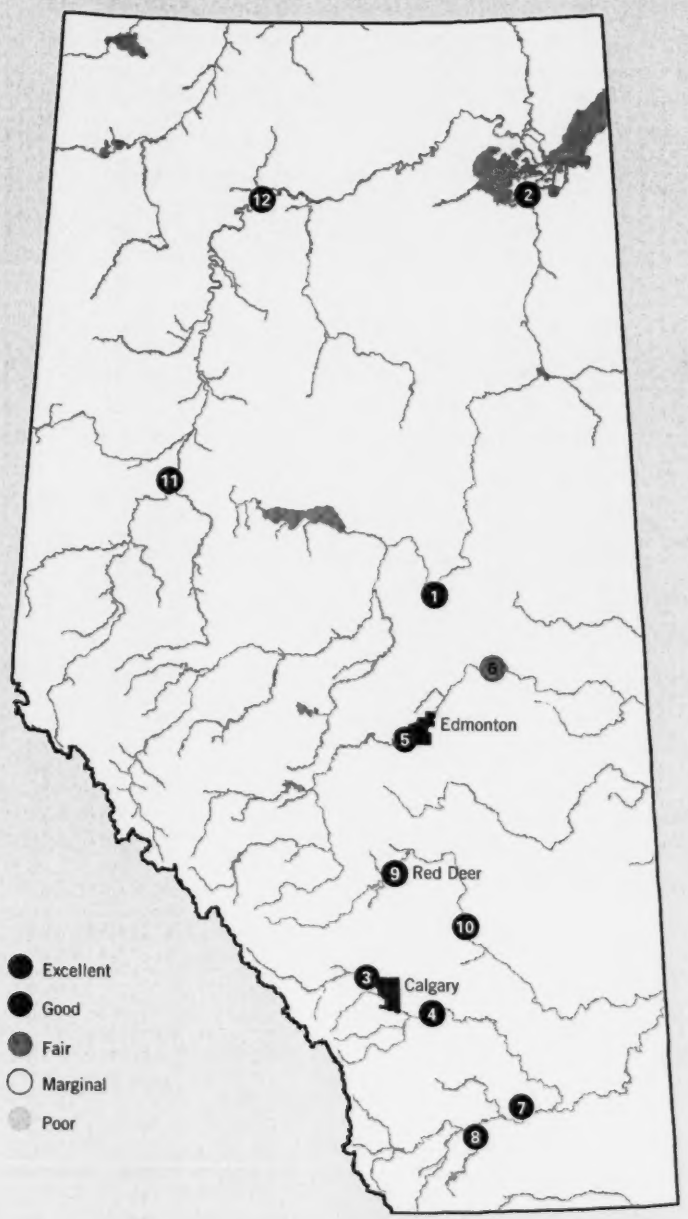
Index	Guideline
96-100	Almost always met; "Best" Quality (Excellent)
81-95	Occasionally exceeded, but usually by small amounts; threat to quality is minimal (Good)
66-80	Sometimes exceeded by moderate amounts; quality occasionally departs from desirable levels (Fair)
46-65	Often exceeded, sometimes by large amounts; quality is threatened, often departing from desirable levels (Marginal)
0-45	Almost always exceeded by large amounts; quality is significantly impaired and is well below desirable levels; "Worst" Quality (Poor)

Oldman River
This period, water quality is similar between upstream and downstream sites, and Index values have increased. The decline in 2002-03 Index values relative to other years was largely due to elevated nutrient and bacteria values measured during late spring in very high river flows. However, these values were lower this period, resulting in improved nutrient and bacterial sub-Index values. As in most years, pesticide detections were slightly higher at the downstream site.

Red Deer River
Water quality is slightly better upstream of Red Deer, relative to the downstream site. This period, upstream and downstream Index values are similar to the previous year.

Smoky/Peace Rivers
At Watino, the overall Index value decreased somewhat this period, due to episodic spring and summer nutrient and metal concentrations levels that were slightly higher than in the previous year. The Index at Fort Vermillion displayed a greater decrease, also due spring nutrient and metal levels. As well, bacteria counts were moderately high in some summer samples at the Fort Vermillion site. Pesticides were not detected at Fort Vermillion this period, but were detected on one occasion at Watino.

Figure 3
River Water Quality Index Monitoring Stations Map Indicating 2004-05 Results



1 Athabasca River at Athabasca
2 Athabasca River at Old Fort
3 Bow River at Cochrane
4 Bow River Downstream at Carseland Dam
5 North Saskatchewan River at Devon
6 North Saskatchewan River at Pakan
7 Oldman River at Highway 36
8 Oldman River at Highway 3
9 Red Deer River at Highway 2
10 Red Deer River at Morrin Bridge
11 Smoky River at Watino
12 Peace River at Fort Vermilion

1C. AIR QUALITY INDEX

The Air Quality Index (AQI) measures outdoor concentrations of five major air pollutants: carbon monoxide, nitrogen dioxide, ozone, sulphur dioxide, and fine particulate matter ($PM_{2.5}$). In 2005, the AQI was calculated based on data from 12 continuous monitoring stations: three stations in Edmonton and Calgary, two stations in Fort McMurray, and one station in Fort Saskatchewan, Grande Prairie, Lethbridge and Red Deer. One of the Fort McMurray stations and the Grande Prairie station have been added since 2003.

Air quality is influenced by a number of factors including vehicle emissions, weather patterns, forest fires and intensity of industrial development. In Alberta, "poor" or "very poor" air quality can occur when smoke from forest fires is transported into urban centers. "Poor" air quality can also occur during summertime and wintertime smog events.

On hot, sunny summer days, smog can be formed due to a complex set of chemical reactions involving pollution from automobiles and industry. Summertime smog has a light brown color and can reduce visibility. Ground-level ozone is a major component of summertime smog.

Wintertime smog can occur when there is a strong temperature inversion and light winds. This combination of weather conditions will often create a layer of cool, stagnant air near the ground. Air pollutants, mostly from automobiles, are trapped in this layer of stagnant air.

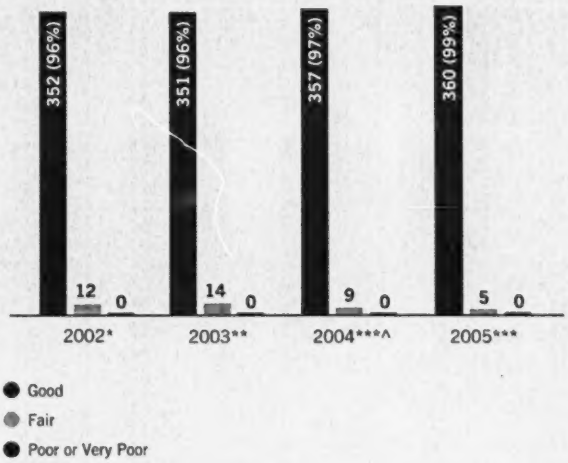
Target

> "Good" air quality days 97 per cent of the time

Results

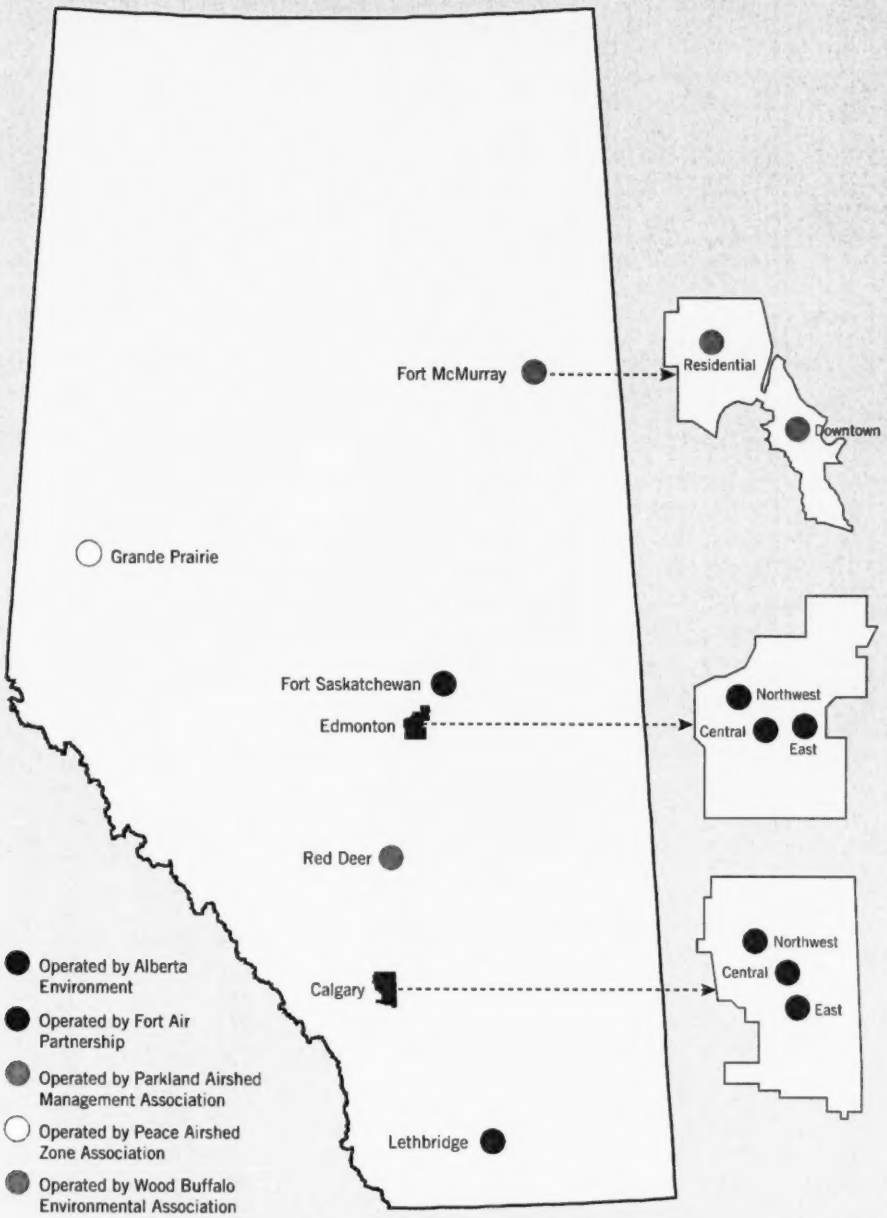
Alberta's air quality remains very high. In 2005, Alberta had 360 "good" days, three more than in 2004, and five "fair" days, four less than in 2004. "Good" air quality days occurred 99 per cent of the time, which is higher than the 97 per cent target.

Figure 4
Air Quality Index
(number of days)



* *Based on data from eight stations*
** *Based on data from ten stations*
*** *Based on data from twelve stations*
^ *Data for 2004 have been restated to ensure data from all twelve stations are included*

Figure 5
Air Quality Index Ambient Monitoring Stations Map



1D. EFFECTIVE WATER MANAGEMENT INFRASTRUCTURE

Effective Water Management Infrastructure includes physical assets such as dams, canals, and control structures. It measures the three aspects of provincially owned and operated water management infrastructure as required by the government's Capital Planning Initiative:

> Physical Condition
The state of physical fitness or readiness for use, based on established standards for the type of infrastructure asset. The physical condition is a critical factor involved in the decision to maintain, rehabilitate, or replace the infrastructure.

> Functional Adequacy
Whether the asset is able to meet program requirements or provide an adequate level of service. While the asset may be in good physical condition with sufficient available capacity to meet demand, poor physical layout, inefficient design or inability to meet code requirements can make it functionally inadequate.

> Utilization
The ability of an asset to carry out its intended function based on current standards or practices, independent of physical condition. Significant over-utilization or under-utilization may indicate the need to construct, reconstruct, rehabilitate, dispose or re-evaluate the need for the asset.

Quality infrastructure is a key factor in ensuring a clean and safe environment and is an essential building block to support economic development.

Target

> Physical Condition: Maintain baseline
> Functional Adequacy: Maintain baseline
> Utilization: Maintain baseline

Results

The effectiveness of the province's water management infrastructure continued to be high in 2005-06. Baselines for the three aspects of Effective Water Management Infrastructure were updated or established in 2004-05.

Physical Condition – In 2005-06, the percentage of the province's water management infrastructure in "good" physical condition was 95.55 per cent. This is an increase of 2.21 per cent from the previous year, and exceeds the target of maintaining the new baseline established in 2004-05.

Functional Adequacy – The percentage of assets determined functionally adequate in 2005-06 remained at 95.09 per cent, meeting the target to maintain the new 2004-05 baseline.

Utilization – "Good" utilization of water management infrastructure continued to be very high in 2005-06 at 99.78 per cent. This meets the target of maintaining the baseline level established the previous year.

Table 3
Effective Water Management Infrastructure

Physical Condition	2004-05**	2005-06
Good*	93.33%	95.55%
Fair	6.14%	3.58%
Poor	0.53%	0.86%
Functional Adequacy	**2004-05****	**2005-06**
Adequate	95.09%	95.09%
Inadequate	4.91%	4.91%
Utilization	**2004-05****	**2005-06**
Good	99.78%	99.78%
Fair	0.19%	0.19%
Poor	0.03%	0.03%

**The "Excellent" and "Good" ratings reported in 2004-05 have been combined into the equivalent Government of Alberta Capital Planning Initiative "Good" rating.*
*** Estimate.*

1E COMMUNITY FLOOD RISK MAPPING

The Community Flood Risk Mapping measure shows the number of flood risk mapping reports completed, and flood risk maps available on Alberta Environment's website for communities identified as having a flood risk.

There is a significant amount of resources and data used to develop each flood risk map and report. The purpose of flood risk mapping is to reduce potential flood damages and costs to Canada, Alberta and the public by identifying flood risk areas and encouraging appropriate development in those areas. Sixty-six communities have been identified as requiring flood risk mapping.

Target

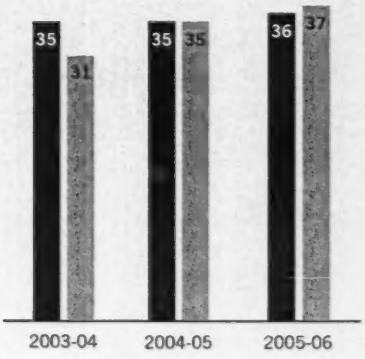
> Flood risk mapping reports completed: 36
> Flood risk maps available on Alberta Environment's website: 35

Results

In 2005-06, the total number of flood risk mapping reports completed rose to 36, and the total number of flood risk maps available on Alberta Environment's website rose to 37. This is an increase from 2004-05 of one completed flood risk mapping report and two flood risk maps available on Alberta Environment's website. Therefore, the target is met for reports completed and is exceeded by two for maps available on the website.

The number of flood risk maps available on Alberta Environment's website is higher than the flood risk mapping reports completed because a map may be posted on the website prior to the report being completed.

Figure 6
Community Flood Risk Mapping



Core Business One – Assuring Environmental Quality

Goal Two
Albertans receive effective and efficient services

Sustainable Resource and Environmental Management Framework

> Alberta Environment launched the EnviroVista Program during Environment Week, June 5-11, 2005. EnviroVista officially recognizes facilities with a minimum five-year history of exemplary emissions performance, a comprehensive, and publicly accessible audited environmental management system, and at least five years without any enforcement activity under Alberta's *Environmental Protection and Enhancement Act* (EPEA) or *Water Act*. Any facility with an approval under EPEA is eligible to apply for the program. Alberta Environment reviewed approval and operations information from facilities across the province and named ten top performers as the first EnviroVista Leaders. The program is now open to additional applicants. Program participants will be required to maintain or improve their performance levels in order to annually renew their EnviroVista Leaders status.

> The department hosted the first ever Alberta's Environment Conference in Edmonton on April 20-22, 2005. The conference was a multi-ministry initiative with developmental assistance from Alberta Sustainable Resource Development, Alberta Energy, and Alberta Agriculture, Food and Rural Development; and was delivered in partnership with the Environmental Services Association of Alberta. Over 650 managers, decision-makers, educators, and others from industry, municipal governments, First Nations, non-government environmental organizations, and the public attended. The conference theme was connecting and collaborating, with topic streams that included partnering for success, sharing knowledge, future trends, and programs and policy. Delegates heard keynote addresses from the Premier, Environment Minister, Deputy Minister of Executive Council, and Deputy Minister of Environment. The conference helped build an understanding of how we protect and sustain the environment, and how Alberta continues leadership in this area.

> Alberta's State of the Environment website was launched to the public on June 10, 2005. This site provides information on the conditions of Alberta's environment by continuously reporting on important trends and pressures, as well as actions by the government and other agencies. By making current and reliable information available to everyone, good decisions can be made by Albertans on activities that affect the environment. The site received 74,645 hits from its launch to March 31, 2006.

> In support of Service Alberta, the department conducted a baseline survey assessing client satisfaction in services provided through the Education and Information Centre in 2005. The client satisfaction responses were largely positive, particularly in the areas of: accessibility (85 per cent), courtesy (100 per cent), going the extra mile (95 per cent), timeliness (94 per cent) and knowledge (93 per cent).

> Environment Week was celebrated in Alberta on June 5-11, 2005, featuring the theme of water management with numerous events and activities around the province including:

- Newspaper inserts featuring environment and waste topics in approximately 210,000 newspapers.
- The "Minister for the Day" program, which attracted participation by 650 students from across Alberta. Students learned about wetlands and wetland conservation in their classrooms. Seven finalists came to Edmonton on June 5, 2005 to meet Alberta's Environment Minister Guy Boutilier.

> Alberta Environment developed partnerships with Recycling Council of Alberta, Ducks Unlimited, Inside Education and Northern Coordination Action for Recycling Enterprises to expand the delivery of classroom presentations, community presentations and professional development for teachers on waste management and wetlands.

> Alberta Environment staff started a cooperative venture with health officials and the Metis Nation of Alberta to develop a long-term plan for monitoring water wells in the Hamlet of Marlboro.

> The department partnered with a variety of organizations in the development of information resources, education programs and environmental curricula including: Alberta Education, Association of Summer Villages of Alberta, Fort Air Partnership, and Community Water Monitoring Pilots.

> Department staff provided information through the Education and Information Centre by:

- Responding to nearly 2,800 e-mail requests;
- Processing over 13,000 telephone calls;
- Distributing over 50,000 publications; and
- Receiving over 244,000 page views on the Information Centre homepage.

> The department made proactive presentations to:

- Edmonton Emergency Response team on Alberta Environment's role in emergency response;
- American Society of Heating and Refrigeration on reporting requirements under the *Environmental Protection and Enhancement Act*;
- Edmonton Real Estate Board on compliance and remediation requirements for contaminated sites; and
- Canadian Petroleum Institute on general compliance and reporting under the *Environmental Protection and Enhancement Act*.

> Alberta Environment participated in the multi-agency response to the May 5, 2005 fire at a hazardous waste broker facility in Edmonton by:

- Monitoring air with the Mobile Air Monitoring Laboratory and other monitoring equipment;
- Collecting samples of the wastewater being generated by the fire suppression activities;
- Liaising with other departments and agencies to provide accurate information in a timely manner;
- Producing a final report and supplementary monitoring information report on the event; and
- Assisting post-event monitoring by helping assess the impact.

> The department continued to emphasize education and prevention for compliance assurance through completion of compliance assurance education material and the 2004-05 Compliance Annual Report.

> In 2005-06, compliance sweeps were completed in the Fort Saskatchewan Industrial Area sweep with 81 sites inspected; the Blindman Industrial Park sweep with 55 facilities in Red Deer County; a Hazardous Waste sweep in Medicine Hat, and a provincial anhydrous ammonia sweep of 53 facilities. No major compliance issues were identified and the approach significantly strengthened awareness and understanding amongst operators.

> A cross-ministry Government of Alberta Evaluation Network to promote information and knowledge transfer among member departments to support improved practices and frameworks for program evaluation was established in 2005. Alberta Environment was one of four ministries that provided the groundwork for the establishment of this network.

> In 2005-06, Alberta Environment advanced on improving information and knowledge management capacity by:

- Developing of a Geographic Environmental Information Framework (GEIF) to support the determination of environmental outcomes, assessment of environmental performance measures and identification of trends, in collaboration with government and non-government partners. A Pilot GEIF was completed for the Oldman Watershed Council and a Pilot GEIF is underway for the Bow River Basin Council.
- Planning for the business system design of the Petroleum Storage Tank (PST) Site Imaging Project to make all information in Alberta Environment's PST files available to the public on-line.

> Through the Information Technology Framework, the department identified priority information needs for 2005-06 and appropriate projects were planned and delivered.

> As part of business resumption planning, an alternative site for flow forecasting was established in conjunction Emergency Management Alberta.

> The Records and Management Strategic Plan continues to be implemented through a series of initiatives including the Routine Disclosure project, Updated Information Strategic Management Plan, and Electronic Records Keeping Project. All projects are moving the department towards a more accessible environment where information is managed to meet the requirements of the Government of Alberta Information Management Framework.

Water

> In December 2005, Alberta Environment completed and operationalized the Forecasting Centre Hotsite, which is a back-up site for use in flood forecasting emergencies. The hotsite has been under construction for the past year, and is a mirror image of the previous facility used by flow forecasters. It currently allows forecasting operations to continue while renovations are made to the original site and will also provide necessary back-up services. The flood forecasting centre provides important information to dam operators, municipalities, and others for responding to flooding events.

> Department staff worked cooperatively with local government officials in Peace River and Fort McMurray to monitor river levels during the river ice season.

Staff Capability

> Alberta Environment invested in staff learning and development through many key activities including:

- People Day, which was the first organization-wide learning day, with a focus on Authentic Leadership;
- An ENVIROmentorship mentoring program with 15 mentor/partner pairs participating;
- Piloting the Certificate of Achievement in Safety Excellence program; and
- New staff orientation sessions including the Learning Curve program, a yearlong orientation program for new staff.

> A succession management framework for the department was developed in 2005-06 to prepare for on-going continuity and capacity.

Performance Measures

2A. STAKEHOLDER SATISFACTION WITH MINISTRY SERVICES

The Stakeholder Satisfaction with Ministry Services measure indicates the percentage of stakeholders satisfied with Ministry programs and services based on survey results.

This measure is an overall rating of the level of stakeholder satisfaction with Ministry programs and services. Performance on this measure is based on the proportion of stakeholders who respond that they are, overall, either "satisfied" or "very satisfied" with Ministry programs and services.

Target
> Baseline + 2 per cent

Results
Stakeholder Satisfaction with Ministry Services was a new performance measure in the 2004-07 Business Plan. Baseline data collected in 2004-05 shows that 55.4 per cent of the Ministry's stakeholders were "satisfied" or "very satisfied" with programs and services accessed through Alberta Environment. Other information collected in the survey showed that 87 per cent of respondents either "agreed" or "strongly agreed" Ministry staff were courteous, 67 per cent either "agreed" or "strongly agreed" staff were knowledgeable about Ministry programs and services, and 54 per cent either "agreed" or "strongly agreed" the waiting time dealing with the person who serviced them was reasonable.

The survey will be conducted every two years instead of every year as stated in 2005-08 Business Plan. A biannual survey will more accurately reflect satisfaction as stakeholders will have an opportunity to utilize and assess program and service improvements. The next survey will be conducted for the 2006-07 fiscal year.

55.4%

2004-05
Overall Satisfaction of Stakeholders with Ministry Programs and Services Accessed through Alberta Environment

Core Business Two – Sharing Environmental Management and Stewardship

Goal Three
Albertans work with others to safeguard the environment

Sustainable Resource and Environmental Management Framework

> Alberta Environment, Alberta Sustainable Resource Development, and Alberta Energy together established a Sustainable Resource and Environmental Management Office to facilitate implementation of the Sustainable Resource and Environmental Management Charter (or principles and valued behaviours) across government departments and stakeholders. The overall goals of the initiative are that Alberta will have integrated natural resource and environmental management policies, streamlined regulatory processes and aligned information that can be shared. The office will support the culture change in which Sustainable Resource and Environmental Management can happen and provide leadership and support on selected projects.

> Alberta continued to be a leader in the Canadian Council of Ministers of the Environment's (CCME) work on a Commitment Statement on Environmental Sustainability in Canada and developing a workplan compatible with a national outcomes-based approach. On June 27, 2005, the CCME released a draft Commitment Statement on Environmental Sustainability aimed at enhancing the health and well-being of Canadians, conserving and protecting the environment, and improving Canada's long-term competitiveness through intergovernmental cooperation. The statement, supported by initiatives in a number of specific areas, will form a new framework for collaborative actions by governments on environmental sustainability. Three priority areas where increased collaboration will lead to concrete results were identified:

- Science/Technology and Research;
- Monitoring, Modeling, and Information Management; and
- Streamlined Regulatory, Compliance Promotion, and Enforcement.

Alberta Environment consulted Alberta stakeholders and prepared for Ministerial approval of the CCME's Commitment Statement on Environmental Sustainability in Canada.

> A special Memorandum of Understanding that supports increased environmental stewardship among agricultural producers in Alberta was developed in collaboration with the Alberta Environmental Farm Plan Company, and was signed by Alberta's Environment Minister and the Chairman of the Farm Plan Company.

> Alberta Environment held six workshops during November 24-December 2, 2005 to engage young Albertans between the ages of 16 and 25 from different regions of the province. Attendees expressed their environmental priorities and provided advice to the department. Two hundred and seventy-five youth from around the province also provided feedback through an online survey.

> Through Climate Change Central, Alberta Environment supported a groundbreaking technology for the Drake Landing Solar Community in Okotoks that will help Albertans and industry save money on energy bills. The solar technology used by the project is the first of its kind in North America and can be applied to both residential and industrial projects.

> With respect to climate change, significant effort was spent in discussions with the federal government on an intergovernmental agreement on climate change, and the development of Alberta regulations for large final emitters of greenhouse gas emissions. Alberta Environment held two workshops and prepared a post-2012 discussion paper to advise the federal government of Alberta's international views on climate change.

> Through the Alberta/British Columbia Harmonization initiative, three regulatory initiatives – harmonization of oil and gas waste regulations, guidelines for coal fired electric power plants, and e-waste program – were completed, five new initiatives were identified for completion in 2006, and areas for further projects for 2007-08 fiscal year were discussed.

> Alberta Environment developed a consistent approach to First Nations' consultations by working with its cross-ministry partners including Alberta Energy, Alberta Sustainable Resource Development, Alberta Aboriginal Affairs and Northern Development, Alberta Community Development, and Alberta Justice. The cross-ministry partners developed a Framework for guidelines that each Ministry will follow. First Nations and industry were involved in development of the framework.

> The Ministry presented the draft South Saskatchewan River Basin Water Management Plan to local MLAs, followed by public review of the draft plan. A Treaty 7 First Nations consultant has been retained to provide technical capacity and support in the review of the draft plan. Concerns raised during consultations will be compiled in a report and considered before the plan is finalized. A project plan is under development for the next phase of the strategy.

Water

> The Alberta Water Council established four project teams in 2005-06:

- The Wetland Policy Project Team was established to recommend a wetland policy and implementation plan to the Government of Alberta, based on consultation with Albertans.
- A Reporting Project Team was established to oversee the production of the Council's two key reports for 2005:
  - The first review of the effectiveness, status, and progress of the *Water for Life* strategy; and
  - The Council's 2004-05 Annual Report.
- A Water Management Knowledge Broker Function Project Team was established to clarify the role of the knowledge broker and make recommendations to the Council on a Governance and Accountability framework designed to address the water knowledge challenges.
- The Water Conservation, Efficiency and Productivity Definition Project Team was established to:
  - Provide clear, understandable definitions, principles and expectations for the terms "conservation", "efficiency" and "productivity";
  - Determine baseline information and information gaps on water conservation, efficiency and productivity, recognizing that the volume and quality of information available is not the same for all sectors; and
  - Determine appropriate methodologies for reporting progress on conservation, efficiency and productivity.

> The Alberta Water Council requested the Alberta Science and Research Authority and Alberta Innovation and Science lead the development of a provincial water research strategy for Alberta. A steering committee was set up to direct the development of this strategy, which includes membership from the Alberta Science and Research Authority, Alberta Water Council, and other members with significant experience in water research and water management.

> Government released *Report on Implementation Progress of Water for Life*, and the Alberta Water Council approved a 2006-09 Business Plan to set strategic priorities and guide the Council's work, including communications and links to Watershed Planning and Advisory Councils.

> Alberta Environment supported Watershed Planning and Advisory Councils in the Bow, North Saskatchewan, Oldman, and Red Deer river basins. Along with Watershed Stewardship Groups, these will make recommendations to government, stakeholders, and the public on improving water management throughout Alberta's watersheds.

> The department partnered with Ducks Unlimited to update the Webbed Feet Not Required teaching kit. Over 500 kits were mailed out across Alberta.

> A new Oilfield Injection Policy and Guideline was developed for implementation in 2006 to support the recommendations of the Advisory Committee on Water Use Practice and Policy.

Air

> A new emergency response air-monitoring vehicle was completed in June 2005 that will allow firefighters to respond immediately and monitor air quality during emergencies in Edmonton, as well as central and northern Alberta. The $600,000 vehicle was completed through a partnership between Alberta Environment and Edmonton Fire Rescue Services.

Climate Change

> At the United Nations eleventh Conference of the Parties climate change conference in Montreal, November 28-December 9, 2005, the Environment Minister actively participated to promote Alberta's leadership role in climate change, and influence Canada's international position on climate change. A white paper was produced on Alberta's international position, the Minister represented the Premier at a leadership forum and presented at technical sessions, and an Alberta Environment booth promoted Alberta's actions and preference for long-term technological solutions.

> As emphasized by Alberta, the United Nations adopted a go-forward approach to beyond 2012 commitments that will involve developing countries and the United States. Carbon dioxide capture and storage technologies, which are critical to Alberta's climate change strategy, were also broadly endorsed as important compliance options.

> Alberta Environment participated at Stakeholder's Perspectives on Carbon Capture and Storage – What are the Risks, a risk assessment workshop hosted by EnergyINet in January 2006 in Calgary. The purpose of the workshop was to educate local and national non-governmental organizations and other Alberta stakeholders about carbon dioxide capture and storage technology, as well as discuss some of the risks that may be associated with these types of projects. The Pembina Institute prepared a report for Alberta Environment outlining key findings and outcomes of the workshop for stakeholders that participated at the workshops. The Alberta Research Council prepared the workshop primer and facilitated the two-day workshops.

> Since 2004, Alberta Environment has participated in the ME First! program, which to date has provided $26.7 million in interest-free loans to 51 Alberta municipalities for initiatives that improve energy savings.

> The department signed a Memorandum of Understanding with the Alberta Motor Transport Association and Alberta Infrastructure and Transportation to encourage fuel efficiency within the motor transport industry in Alberta.

> Working through Climate Change Central, Alberta Environment supported several energy efficiency programs including:

- Exit to Savings, a program promoting light emitting diode exit signs;
- Phase Two of the Furnace Rebate Program; and
- Soak Up the Savings, a program providing rebates for front load washing machines.

> Over the past year, Alberta participated on the National Forest Sinks Committee to complete an assessment of whether each province's forests were a net sink or source for carbon. Alberta's forests are estimated to be releasing as much carbon as they are sequestering making them neither a sink nor a source.

> For the fifth year in row, Alberta was a full funding member of the BIOCAP Canada Foundation, a non-profit research organization focused on exploring the potential of biological capital to contribute to reduced greenhouse gas emissions, clean energy systems and the building of a bio-based economy.

> Alberta continued to act as a facilitator and leader by implementing a number of capacity building initiatives to help strategic partners in government, industry and academia designed to enhance knowledge and ability to engage in the emerging issues related to climate change. These involved the joint funding of a BIOCAP agriculture researchers workshop for Agriculture, Food and Rural Development and the facilitation of a Strategic Scenario Creation workshop for Alberta Sustainable Resource Development, to examine the use and management of Alberta's public forests in the context of a changing climate.

Capacity building also took the form of financial support for a Sustainable Resource Development project to calculate bio-mass conversion factors for Alberta tree species and the production of information booklets for Alberta agriculture producers.

Staff Capability

> The People Services Division in Alberta Environment continued to innovate by developing and staffing an Organizational Development area.

> Alberta Environment created the EnviroU staff development framework. The four priorities of the framework are: policy, systems thinking, facilitation, and relationship building. In 2005-06, the policy and systems modules were piloted, and the group facilitation modules were planned.

Performance Measures

3A. MUNICIPAL SOLID WASTE TO LANDFILLS

The amount of waste disposed in landfills directly impacts the quality of Alberta's land, air and water. The Municipal Solid Waste to Landfills performance measure indicates Alberta's progress towards meeting continuous reduction of municipal solid waste placed in landfills as measured in kilograms of waste per capita. Annual targets are based on a 2010 target to reduce volume of waste disposed in landfills to 500 kilograms per capita. This is a 50 per cent reduction in waste from 1998 levels as set out by Canadian Council for Ministers of the Environment.

The 2010 target was deemed appropriate as many of the simpler waste reduction activities have already been undertaken or achieved. Further waste reduction and recycling actions require more work, infrastructure, support, education, and awareness, and will therefore require a longer timeframe to see results.

Target
> 790 kg per capita

Results
Municipal solid waste disposed in landfills increased slightly from 800 kilograms per capita in 2004 to 806 kilograms per capita in 2005. The increase is a reflection of Alberta's continued robust economy, as it includes waste from the Residential, Industrial/Commercial/Institutional, and Construction/Renovation/Demolition sectors.

3B. NEW RENEWABLE AND ALTERNATIVE ENERGY GENERATION

The generation of renewable and alternative energy is an important part of Alberta's climate change action plan. The New Renewable and Alternative Energy Generation performance measure indicates Alberta's progress towards increasing the renewable and alternative energy generation portion of total provincial electricity sales by 3.5 per cent from 2001 levels by 2008. It measures the increase in the renewable and alternative energy portion of the province's total electricity sales from 2001.

Target
> 1.5 per cent

Results
The increase in the renewable and alternative energy share from 2001 has been steadily increasing each year. In 2005, the increase share from 2001 was 3.4 per cent. This result is more than double the target, and approximately 95 per cent of the way to achieving the 2008 target.

Figure 7
Municipal Solid Waste to Landfills (kilograms per capita)

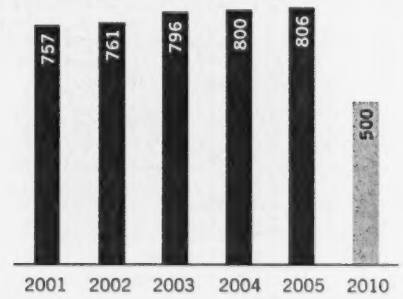
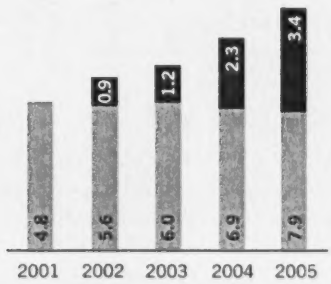


Figure 8
New Renewable and Alternative Energy Generation (percentage)



3C. BEVERAGE CONTAINER RETURN RATE

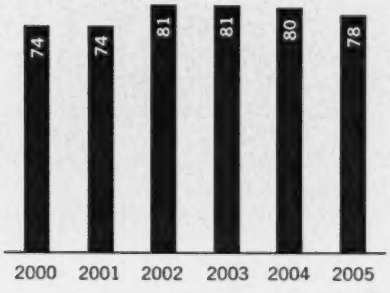
Recycling is a major way for Albertans to demonstrate their involvement in caring for the environment. The Beverage Container Return Rate measures the return rate of beverage containers each year based on sales and returns. The Beverage Container Return Rate is the primary measure of performance for the Beverage Container Management Board.

Target
> 85 per cent

Results
Although more empty beverage containers were recycled in 2005, the return rate dropped to 78 per cent, which is short of the 85 per cent target. This is the lowest return rate in the four years since beer products came into the regulated system in November 2001.

The largest reason for the return rate decrease was the inability of the system to keep up with a record year of beverage sales. The sales increase in 2005 far exceeded the average annual sales increase for the past three years.

Figure 9
Beverage Container Return Rate
(percentage)



3D. USED OIL RECOVERY RATE

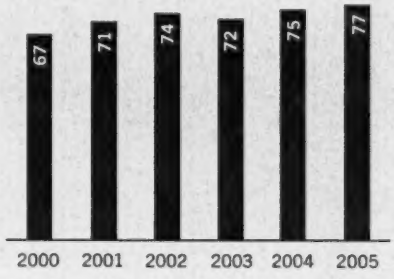
The Used Oil Recovery Rate measures the recovery rate of used oil each year expressed as a percentage of the estimated volume of recoverable oil and quantity recovered. The Used Oil Recovery Rate is a primary measure of performance for the Alberta Used Oil Management Association.

Target
> 75 per cent

Results
In 2005, 77 per cent of the used oil available for recycling was recovered, exceeding the target by two per cent.

The largest contributors to this result are the strong provincial economy and the warmest, driest winter on record.

Figure 10
Used Oil Recovery Rate
(percentage)



WATER USE EFFICIENCY AND PRODUCTIVITY INDICATOR (UNDER DEVELOPMENT)

Water conservation is a focus of *Water for Life: Alberta's Strategy for Sustainability*. Water is managed and allocated to support sustainable economic development and the strategic priorities of the province. The Water Use Efficiency and Productivity Indicator compares the amount of water used in relation to economic productivity and population growth. Targets will be determined relative to a 2015 target of 30 per cent improvement over the 2005 level.

Changes to Performance Measures Information

There are four new performance measures in the 2005-08 Business Plan that are reported on for the 2005-06 reporting period:

> Community Flood Risk Mapping
> New Renewable and Alternative Energy Generation
> Beverage Container Return Rate
> Used Oil Recovery Rate

Two performance measures were discontinued after the 2004-05 reporting period:

> Greenhouse Gas Emissions Intensity Indicator
> Energy Efficiency Conservation Indicator

In the Drinking Water Safety Indicator, the Facility Design Standards are compared against the 1997 standards for 2005-06. In January 2006, new standards were introduced and will be utilized in the next reporting period for 2006-07. Targets for this sub-measure will be adjusted accordingly in subsequent business plans.

For the River Water Quality Index, the way the last actual result and targets are presented was changed in the 2005-08 Business Plan to be more specific relative to river systems and focused on Index results.

The Effective Infrastructure performance measure reported in the 2004-05 Annual Report has been renamed to Effective Water Management Infrastructure in 2005-06 to be more specific about what it measures. Baseline data for the three aspects of the performance measure were updated or established in 2004-05. For 2005-06, the Physical Condition was rated as "Good", "Fair" or "Poor". This is a change from 2004-05 as the "Excellent" and "Good" ratings have been combined into the equivalent Government of Alberta Capital Planning Initiative "Good" rating. The combined "Good" rating is defined as adequate for intended use and expected to provide continued service life with minimal to normal maintenance. "Fair" rating means operational but requiring considerable maintenance. "Poor" rating means either operational but requiring excessive ongoing maintenance with failure being imminent or not operational with failure already occurred.

The Stakeholder Satisfaction with Ministry Programs performance measure reported in the 2004-05 Annual Report was renamed Stakeholder Satisfaction with Ministry Services in 2005-06 to more accurately reflect what is being measured. The stakeholder survey is conducted every two years instead of every year as stated in 2005-08 Business Plan. Baseline data was collected in 2005 for the 2004-05 fiscal year. The next survey will be conducted for the 2006-07 fiscal year.

WATER USE EFFICIENCY AND PRODUCTIVITY INDICATOR (UNDER DEVELOPMENT)

The Water Use Efficiency and Productivity Indicator is stated as under development in the 2005-08 Business Plan, as it was in the 2004-07 Business Plan, due to its strategic importance. The department is committed to fully developing the Water Use Efficiency and Productivity Indicator for inclusion as a performance measure in the 2007-10 Business Plan.

Data Sources and Methodology

1A. DRINKING WATER SAFETY INDICATOR

The Drinking Water Safety Indicator is comprised of three separate sub-measures that collectively provide an indicator of the performance of regulated waterworks facilities in delivering safe drinking water to Albertans. Under the *Environmental Protection and Enhancement Act*, Alberta Environment regulates waterworks facilities that provide drinking water to Albertans, including campgrounds and rural subdivisions that use surface water sources, and all waterworks in villages, towns, and cities.

Facility Design Standards

The sub-measure is an assessment of a regulated drinking water facility's design against the 1997 Alberta Environment design standards. These standards are revised every five to ten years. In January 2006, new standards were introduced and will be utilized in the next reporting period. Environment staff update these assessments throughout the year and report the results annually. The reported results indicate the number of facilities that have maintained or upgraded to meet the latest requirements.

Facility Operational Requirements

Approved drinking water facilities operate under conditions of an approval or registration issued under the *Environmental Protection and Enhancement Act*. This sub-measure shows incidents where required conditions have not been met and could lead to water quality concerns.

Facilities are required to self-report non-compliance and, in addition, Alberta Environment annually inspects regulated facilities and reports the number of non-compliance incidents.

Water Quality

Regulated drinking water facilities must report on the quality of the treated water against specified limits. Alberta has adopted the health-related limits of the Guidelines for Canadian Drinking Water Quality published by Health Canada as well as establishing treatment performance requirements. Most health-related limits are a concern if the water is consumed over a long period of time (many years) while performance requirements are of a more immediate concern. Intervention is needed in either case, and may range from a public health advisory, preventing consumption of the water, to a requirement to upgrade a waterworks facility.

This sub-measure shows incidents where a water quality parameter (chemical, physical or bacteriological) was unsatisfactory and identifies the total number of these non-compliance incidents on a provincial basis. Facilities are required to self-report non-compliance and, in addition, Alberta Environment staff annually inspect approved facilities and report the number of non-compliance incidents.

1B. RIVER WATER QUALITY INDEX

Monthly water quality samples are collected at two locations for each of the province's six major river systems. An Index value is calculated for each of four variable groups based on data collected between April and March, representing both a fiscal and a "water" year:

> Metals (22 variables measured quarterly);
> Nutrients (six variables measured monthly, includes oxygen and pH);
> Bacteria (two variables measured monthly); and
> Pesticides (17 variables measured four times through the summer).

Index values for the four variable groups are then combined to produce an overall Index of surface water quality that can be tracked over time. The formula used to calculate Index values for each group is based on three statistical attributes of water quality with respect to desirable levels (defined by water quality guidelines in most cases):

> **Scope**
The total number of water quality variables that do not meet guidelines;

> **Frequency**
The number of individual measurements for all variables combined that do not meet guidelines; and

> **Amplitude**
The amount by which measurements do not meet guidelines.

Variables in the first three groups (metals, nutrients and bacteria) are compared to published guidelines (e.g., Surface Water Quality Guidelines for Use in Alberta). Where a number of guidelines exist for one variable, the guideline for the most sensitive use (recreation, agriculture, or the protection of aquatic life) is typically chosen. Drinking water guidelines are not considered, since surface water should not be used for drinking without first being treated. The Index calculator is periodically revised to keep current with updates in National Water Quality Guidelines.

Variables in the fourth group (pesticides) are evaluated based on whether they can be detected in a water sample. This conservative approach was adopted because some pesticides do not yet have official guidelines and, unlike metals, nutrients and bacteria, do not occur naturally in the environment.

1C. AIR QUALITY INDEX

The Air Quality Index (AQI) is calculated from outdoor concentrations of five major air pollutants monitored at stations across the province. In 2005, the AQI was calculated at 12 continuous monitoring stations: three stations in Edmonton and Calgary, two stations in Fort McMurray, and one station in Fort Saskatchewan, Grande Prairie, Lethbridge and Red Deer.

The pollutants used to calculate the AQI are carbon monoxide, fine particulate matter ($PM_{2.5}$), nitrogen dioxide, ozone and sulphur dioxide. Measurements of at least four of the five pollutants must be available to calculate the AQI, and $PM_{2.5}$ must be one of the pollutants. The AQI number is used to determine whether the quality of the air is "good", "fair", "poor" or "very poor". These categories are derived using formulas based on air quality objectives under the *Environmental Protection and Enhancement Act* and the National Ambient Air Quality Objectives.

In 2003, the AQI was modified to include hourly measurements of small particulates ($PM_{2.5}$). $PM_{2.5}$ are particles that are small enough to be inhaled into the lungs and, depending on their composition, may be a human health concern.

In 2004, data for one of the twelve stations was not initially available. Data for 2004 have been restated to ensure data from all twelve stations are included.

1D. EFFECTIVE WATER MANAGEMENT INFRASTRUCTURE

This performance measure is an assessment of three aspects of an asset: Physical Condition, Utilization, and Functional Adequacy of provincially owned water management infrastructure as required by the Capital Planning Initiative (CPI). Assets include dams, canals, and control structures.

Infrastructure is assessed using the CPI rating criteria as follows:

Table 4
Capital Planning Initiative Rating Criteria

Physical Condition Rating	Textual Value	Meaning	Equivalent CPI Rating
2	Excellent	New or like new requiring minimal maintenance.	Good
4	Good	Fully operational and requiring minimal maintenance.	Good
6	Fair	Operational but requiring considerable ongoing maintenance.	Fair
8	Marginal	Operational but requiring excessive ongoing maintenance or failure may be possible during a major event.	Poor
10	Poor	Not operational or failure may be imminent or occurred.	Poor
Functional Rating	**Textual Value**	**Meaning**	**Equivalent CPI Rating**
2	Acceptable	The asset satisfies one of the following criteria, depending on the type of asset. • Meets current Dam and Canal Safety Guidelines. • Meets current operational requirements.	Adequate
10	Unacceptable	One of the following criteria applies to the asset, depending on the type of asset. • Does not meet current Dam and Canal Safety Guidelines. • Does not meet current operational requirements.	Inadequate
Utilization Rating	**Textual Value**	**Meaning**	**Equivalent CPI Rating**
2	Significantly Under	Significantly under target capacity range.	Good
4	Within	Within target capacity range.	Good
6	Somewhat Over	Somewhat over target capacity range.	Fair
8	Significantly Over	Significantly over target capacity range.	Poor
10	Beyond	Beyond target capacity range and applied factors of safety.	Poor

Assessments are done by a combination of internal staff and independent consultants on the basis of visual inspections and discussions with staff that are familiar with the operation of the infrastructure. Where initial inspections identify potential problems, a more detailed analysis utilizing engineering techniques is employed to confirm the nature and extent of the problems. Due to the large number of water management structure assets, assessments are done on a rotational basis.

1E. COMMUNITY FLOOD RISK MAPPING

The measure counts the number of flood risk mapping reports completed over time, and the number of flood risk maps posted to Alberta Environment's website. Flood risk maps are available to the public through a Telus Geomatics website. Maps have been incorporated into the internal databases for Emergency Management Alberta.

Staff at Alberta Environment provide the data for this performance measure. There is a significant amount of data used to develop each flood risk map and report. Flood risk mapping requires integration of the hydrological assessment of the flood risk, topographic data, historical flood records assessment, hydraulic modeling and model mapping to terrain maps. This is followed by municipal review, consultation on designation and community assistance (such as educational packages, information open houses, development of appropriate bylaws and other related activities) prior to website publication.

2A. STAKEHOLDER SATISFACTION WITH MINISTRY SERVICES

Stakeholder perceptions and satisfaction with the Ministry's programs and services are measured through a stakeholder survey. It is based on the Government of Alberta's criteria for service excellence (courtesy, going the extra mile, knowledge, timeliness, and accessibility), and other performance criteria that are considered important by stakeholders. Stakeholder groups are those with interactions with Alberta Environment and include: academic institutions, general public, government organizations, business and industry, and non-government organizations.

Stakeholders are asked to respond on a scale of 1 to 7 (does not apply, very dissatisfied, dissatisfied, somewhat dissatisfied, somewhat satisfied, satisfied, very satisfied). The baseline for this measure is the percentage of respondents that answer either "satisfied" or "very satisfied" in the 2004-05 survey. The survey is conducted biannually.

3A. MUNICIPAL SOLID WASTE TO LANDFILLS

Waste included in the performance measure comes from the Residential, Industrial/Commercial/Institutional, and Construction/Renovation/Demolition sectors.

The Canadian Council of Ministers of the Environment developed the method used to calculate the annual waste reduction statistic. The method is based on the use of measured amounts of material sent for disposal at landfills with weigh scales. Waste statistics are calculated for both urban and rural areas, and a composite statistic for the province is calculated using population figures from Alberta Municipal Affairs' official statistics for Alberta. Reporting is voluntary. Approximately 83 per cent of Alberta's population is served by reporting landfills. For municipalities not reporting, estimates are determined by multiplying estimated populations by measured per capita disposal rates of reporting jurisdictions (for both rural and urban areas).

3B. NEW RENEWABLE AND ALTERNATIVE ENERGY GENERATION

The measure indicates incremental renewable and alternative energy generation since 2001, expressed as a percentage of total provincial electrical energy (MWh). Renewable and alternative energy includes generation from facilities in Alberta that harness wind, hydro, and biofuels to produce electric energy. Data are provided by the Energy and Utilities Board through its Electric Industry Annual Statistics.

3C. BEVERAGE CONTAINER RETURN RATE

The Beverage Container Management Board receives monthly sales and empty container return numbers from the Alberta Beverage Container Recycling Corporation, who are the approved Collection System Agent as defined in the Beverage Container Recycling Regulation for empty non-beer beverage containers.

Monthly sales and empty container return numbers are received from Brewers Distributor Limited who are contracted by the Alberta Beer Container Corporation, who are the approved Collection System Agent as defined in the Beverage Container Recycling Regulation for empty beer containers.

The annual return rate is calculated by adding the audited annual empty beverage container returns of beer and non-beer and dividing that total by the manufacturers' reported beer and non-beer sales.

3D. USED OIL RECOVERY RATE

Volume of oil sold is calculated from remittances of the Environmental Handling Charge. Collectors of used oil calculate volume of oil recovered from claims for the Return Incentive. The Alberta Used Oil Management Association estimates that 64.5 per cent of all oil is recoverable.

The performance measure is determined by first calculating how much oil sold is recoverable, and then dividing the amount recovered by the amount that is recoverable.

WATER USE EFFICIENCY AND PRODUCTIVITY INDICATOR (UNDER DEVELOPMENT)

This performance measure is still under development. Methodology and annual targets will be developed for the 2007-10 Business Plan.

Integrated Results Analysis

The Ministry of Environment balanced its budget in 2005-06. The year end expenses for the Ministry were within the voted budget. The Ministry continued to implement *Water for Life: Alberta's Strategy for Sustainability, Albertans & Climate Change: Taking Action,* and a long-term strategy for waste reduction and management in Alberta.

In 2005-06 the Ministry faced financial pressures to address continuous obligations under the grant programs, Alberta Waste Management Assistance Program and Alberta Water Management and Erosion Control Program for various municipalities. The Alberta Waste Management Assistance Program fulfills the Government of Alberta's commitment to establish, in partnership with municipalities, regional landfill solutions throughout the province. The Alberta Water Management and Erosion Control Program supports municipal and regional flood, erosion and stormwater control activities undertaken by municipalities. In order to address these obligations the Legislature approved a Supplementary Estimate of $5.2 million in December 2005, bringing the authorized voted budget to $141.2 million.

Alberta Environment continues to fund strategies to improve fiscal and expenditure management related to stewardship and protection of Alberta's environment.

COMPARISON OF 2005-06 BUDGET TO 2005-06 ACTUALS

The following provides explanations of the major program variances:

Water Operations – The program expenditures resulted in a surplus of $1.5 million. This under expenditure is due to lower regular ongoing program activities in order to address the provincial flooding emergency that occurred in June 2005. Alberta Municipal Affairs recorded the expenditures related to the provincial flooding emergency in their Emergency Management Alberta program.

Policy Development and Innovation – The program spending was $2.3 million higher than budgeted due to the development of the framework for integrated management of upstream oil and gas development. This framework will improve clarity, efficiency, certainty, and accountability for industry and government. Policies were also being developed for sustainable resource and environmental management in collaboration with other government ministries, agencies and stakeholders leading to necessary revisions to existing polices to support desired outcomes. Furthermore, funding was provided to the Drake Landing Solar Community in Okotoks for technology development to ensure long-term reduction in greenhouse gas emissions and intensity.

Intergovernmental Relationships and Partnerships – Grant payments under the Alberta Waste Management Assistance and Alberta Water Management and Erosion Control programs contributed to the spending variance of $5.0 million. A Supplementary Estimate of $5.2 million was approved in December 2005 by the Legislature to cover these grant commitments.

COMPARISON OF 2005-06 ACTUALS TO 2004-05 ACTUALS

The following provides explanations of the major program variances:

Approvals – The program spending in 2005-06 is $1.2 million higher than in 2004-05 due to increased activities requiring approvals as a result of the strong provincial economy. Major activities requiring approvals include mountain coal mines, natural gas from coal projects, oilsands and regional water supply projects.

Compliance and Enforcement – An increase in the number of compliance audit inspections and unannounced compliance sweeps led to the $1.2 million increase in expenditures compared to last fiscal year.

Monitoring and Evaluation – The program spending is $4.6 million higher this fiscal year due to the Ministry's increased focus in providing reliable environmental data and information. During the fiscal year, the Ministry developed monitoring partnerships to further enhance Alberta's air and water monitoring networks. Other program spending included enhancing the collection and utilization of information related to land and water for stakeholders, and the development of an environmental site assessment registry and flood forecasting hotsite systems.

Policy Development and Innovation – The higher program spending in 2005-06 of $3.3 million is due to the development of the framework for integrated management of upstream oil and gas development. Policies were also developed for sustainable resource and environmental management in collaboration with other government ministries, agencies and stakeholders leading to necessary revisions to existing polices to support desired outcomes. In addition, Drake Landing Solar Community in Okotoks received funding in the current fiscal year for technology development to ensure long-term reduction in greenhouse gas emissions and intensity.

Water For Life – The higher program spending of $1.9 million this fiscal year is related to *Water for Life: Alberta's Strategy for Sustainability* through expanding public awareness and education programs to ensure Albertans have access to water resource information and services, strengthening critical partnerships with the Alberta Water Council and Watershed Planning and Advisory Councils, and improving groundwater mapping and management.

Intergovernmental Relationships and Partnerships – The lower program spending of $5.1 million is due to decreased funding provided for the Alberta Waste Management Assistance and Alberta Water Management and Erosion Control programs compared to last year where other program needs were deferred to meet these commitments.

Ministry Support Services – Increased spending of $1.4 million in 2005-06 resulted from expenditures for rebuilding information technology infrastructure in the Ministry.

Forward-Looking Information

Significant environmental events of 2005-06, combined with environmental protection work already well underway, helped lay the foundation for Alberta Environment's priorities during its next fiscal year. Some of the initiatives the Ministry will focus on include:

LEADING THE WAY

Taking action on the Environmental Protection Commission's recommendations
The Environmental Protection Commission was established after the train derailment and resulting oil spill at Lake Wabamun to review and make recommendations on Alberta's ability to respond to environmental incidents. The Government of Alberta accepted the Commission's 10 recommendations including creation of a government agency responsible for emergency, disaster and security issues and establishing a multi-stakeholder, world-class institute to support safety, environmental and security functions through research, risk management applications, post-incident analyses, knowledge transfer, technical development, stakeholder support and special projects.

WORKING TOGETHER

Oilsands consultation
The Oilsands Consultation Group was established in January 2006 to develop a process that allows Albertans to share their vision and principles for development of Alberta's oilsands. A key recommendation of the group is a unique process that strengthens collaboration and openness of public consultations on oilsands development. The Government of Alberta accepted all nine recommendations of the group, including establishing a multi-stakeholder committee accountable for the overall consultation process, and a panel to collect public input. The panel will hold public meetings and information sessions, especially in the main oilsands areas of Fort McMurray-Wood Buffalo, Peace River, Athabasca and Cold Lake.

Multi-stakeholder advisory committee on coalbed methane development
More than 1,000 Albertans participated in the multi-stakeholder advisory committee consultation on coalbed methane (CBM). The Committee submitted 44 recommendations on the future development of CBM in Alberta, focusing on water, surface and air impacts, royalties, tenure, industry best practices and broad energy sector issues.

One-third of the report's recommendations focus on water, including protecting aquifers and water supplies. Recommendations range from mandatory baseline water-well testing, improving scientific information on Alberta's water resources and developing new technology to take advantage of saline and marginally saline-produced water. The baseline testing standard, which came into effect May 1, 2006 and was a report recommendation, is a practical example of Alberta's commitment to environmental protection while responsibly developing CBM.

An implementation plan is in place and work will commence on 32 of the 44 recommendations. Work on the remaining 10 recommendations is scheduled to begin after 2006-07.

MAKING A DIFFERENCE

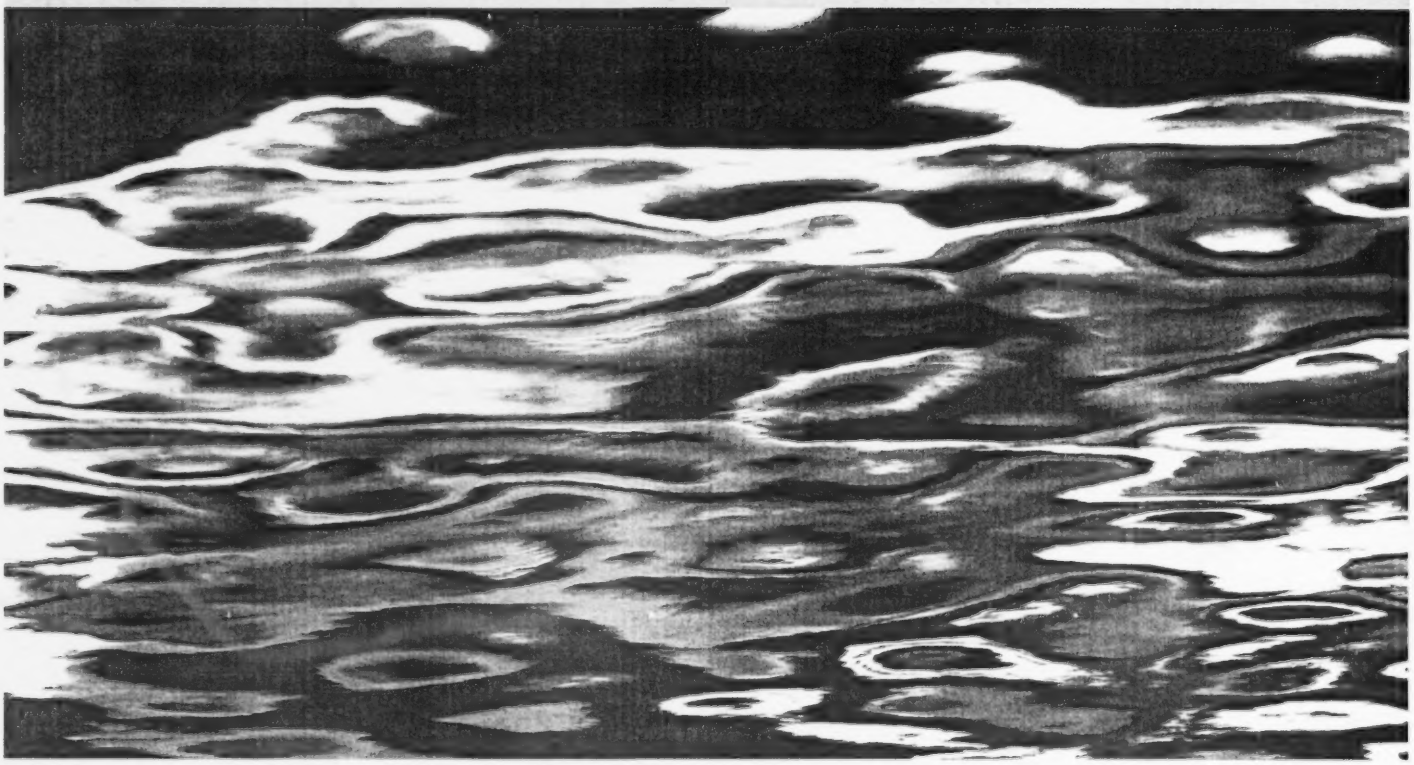
Baseline testing for well water and groundwater mapping related to the *Water for Life* strategy

Alberta Environment is undertaking two new initiatives as part of its ongoing strategy to ensure Albertans continue to have access to clean, safe drinking water.

The first is development of standard procedures and reporting requirements for baseline testing of well water to establish water quality prior to coalbed methane drilling. Baseline testing will ensure well water quality is accurately measured and reported before drilling for coalbed methane takes place. The need for baseline testing was identified in work with stakeholders. The testing, along with the groundwater mapping initiative, supports the government's *Water For Life* strategy by improving our knowledge of the province's water resources.

The second is a program to map groundwater resources. Alberta Environment's two-year program to map groundwater will focus on central Alberta, specifically in the Ardley coal zone, where fresh groundwater may be pumped to facilitate coalbed methane development. This initial mapping is expected to be complete in 2008.

financial information



auditor's report on financial results

To the Members of the Legislative Assembly

I have audited the statement of financial position of the Ministry of Environment as at March 31, 2006 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
June 6, 2006

Original signed by Fred J. Dunn, FCA in printed version.
Auditor General

statement of operations

Year ended March 31, 2006
(in thousands)

	2006		2005
	Budget (Schedule 4)	Actual	Actual
Revenues (Schedule 1)			
Internal Government Transfers	$ 5,425	$ 3,957	$ 4,065
Premiums, Fees and Licences	2,322	2,658	1,831
Investment Income	–	2	4
Other Revenue	1,081	5,222	2,281
	8,828	11,839	8,181
Expenses – Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedules 3 and 5)			
Approvals	15,082	15,237	14,084
Compliance and Enforcement	9,433	9,718	8,543
Monitoring and Evaluation	17,179	17,360	12,743
Standards	5,560	5,478	6,122
Water Operations	14,414	12,953	12,413
Business Planning and Performance	2,543	2,062	2,136
Policy Development and Innovation	8,819	11,121	7,854
Water for Life	5,127	5,538	3,668
Climate Change	5,057	4,936	5,490
Educational Awareness	3,246	3,260	2,959
Integrated Resource Management	7,391	6,660	6,360
Intergovernmental Relationships and Partnerships	3,510	8,450	13,546
Ministry Support Services	15,996	15,425	14,071
Amortization of Tangible Capital Assets	19,461	19,284	18,174
	132,818	137,482	128,163
Statutory (Schedules 3 and 5)			
Land Reclamation Program	2,800	1,417	2,279
Emergency Spills and Cleanups	1,525	1,857	1,359
Drought and Flood Emergencies	600	183	427
Valuation Adjustments			
Provision for Vacation Pay	99	873	224
Provision for Remediation and Reclamation	–	1,383	–
	5,024	5,713	4,289
	137,842	143,195	132,452
Loss on Disposal of Tangible Capital Assets	–	(42)	(12)
Net Operating Results	$ (129,014)	$ (131,398)	$ (124,283)

The accompanying notes and schedules are part of these financial statements.

statement of financial position

As at March 31, 2006
(in thousands)

	2006	2005
ASSETS		
Cash	$ 166	$ 160
Accounts Receivable (Note 3)	1,270	1,890
Advances	–	1
Tangible Capital Assets (Note 4)	880,201	879,289
	$ 881,637	$ 881,340
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 24,357	$ 30,626
Unearned Revenue	603	740
	24,960	31,366
NET ASSETS		
Net Assets at Beginning of Year	849,974	836,455
Net Operating Results	(131,398)	(124,283)
Net Transfer from General Revenues	138,101	137,802
Net Assets at End of Year	856,677	849,974
	$ 881,637	$ 881,340

The accompanying notes and schedules are part of these financial statements.

statement of cash flows

Year ended March 31, 2006
(in thousands)

	2006	2005
Operating Transactions		
Net Operating Results	$ (131,398)	$ (124,283)
Non-cash items included in Net Operating Results		
Amortization (Schedule 3)	19,284	18,174
Loss on Disposal of Tangible Capital Assets	42	12
Valuation Adjustments	2,256	224
	(109,816)	(105,873)
Decrease (Increase) in Accounts Receivable	620	(794)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(8,525)	10,062
Increase (Decrease) in Unearned Revenue	(137)	50
Cash Applied to Operating Transactions	(117,858)	(96,555)
Capital Transactions		
Acquisition of Tangible Capital Assets	(3,544)	(4,574)
Transfer of Tangible Capital Assets from Other Government Entities	(16,694)	(37,007)
Cash Applied to Capital Transactions	(20,238)	(41,581)
Investing Transactions		
Decrease in Advances	1	4
Cash Provided by Investing Transactions	1	4
Financing Transactions		
Net Transfer from General Revenues	138,101	137,802
Increase (Decrease) in Cash	6	(330)
Cash, Beginning of Year	160	490
Cash, End of Year	$ 166	$ 160

The accompanying notes and schedules are part of these financial statements.

notes to the financial statements Year ended March 31, 2006

Note 1
Authority and Purpose

The Ministry of Environment operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The purpose of the Ministry is to steward and protect Alberta's environment to sustain diverse ecosystems, healthy Albertans, strong communities and a prosperous economy.

Note 2
Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(A) REPORTING ENTITY

The reporting entity is the Ministry of Environment for which the Minister of Environment is accountable. All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

(B) BASIS OF FINANCIAL REPORTING

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

notes to the financial statements Year ended March 31, 2006

Expenses

Directly Incurred
Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

> amortization of tangible capital assets.

> pension costs which comprise the cost of employer contributions for current service of employees during the year.

> valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others
Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 7.

Assets
Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000. All land is capitalized.

Liabilities
Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Environmental liabilities arise from the obligation to clean up contaminated sites (remediation) or to return disturbed land to an equivalent use (reclamation). A remediation or reclamation liability is recognized when the Ministry is obligated to incur such costs and an amount can be reasonably estimated.

Net Assets
Net assets represents the difference between the carrying value of assets held by the Ministry and its liabilities.

Valuation of Financial Assets and Liabilities
Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

notes to the financial statements

Year ended March 31, 2006 (in thousands)

Note 3
Accounts Receivable

	2006			2005
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Transfers from Environmental Protection and Enhancement Fund	$ 1,023	$ –	$ 1,023	$ 1,435
Other Sources	247	–	247	455
	$ 1,270	$ –	$ 1,270	$ 1,890

Note 4
Tangible Capital Assets

		2006			2005
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
General Capital Assets:					
Equipment*	3-10 years	$ 9,807	$ 4,432	$ 5,375	$ 3,214
Computer Hardware and Software	5-10 years	18,999	14,589	4,410	5,206
Infrastructure Assets:					
Land Improvements	40 years	49	3	46	14
Bridges**	50 years	469	66	403	422
Dam and Water Management Structures***	25-80 years	1,127,028	257,061	869,967	870,433
		$ 1,156,352	$ 276,151	$ 880,201	$ 879,289

* Equipment includes vehicles, office, laboratory, heavy equipment and mobile equipment.

** The useful life of bridges have been changed from 60 years to 50 years.

*** Dams and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures, which are constructed by the Ministry of Infrastructure and Transportation and transferred to the Ministry of Environment upon their completion.

Note 4
Tangible Capital Assets – (continued)

Changes to tangible capital assets were as follows:

	2006	2005
Net Book Value at Beginning of Year	$ 879,289	$ 855,894
Purchase of Tangible Capital Assets	3,544	4,574
Net Book Value of Disposals and Write Downs	(42)	(12)
Transfer with Other Government Entities	16,694	37,007
Amortization of Tangible Capital Assets	(19,284)	(18,174)
Net Book Value at End of Year	$ 880,201	$ 879,289

Note 5
Contractual Obligations

As at March 31, 2006 the Ministry has the following contractual obligations:

	2006	2005
Service contracts (a) (b)	$ 14,170	$ 13,638
Long-term leases (c)	4,614	3,968
Grants		
Waste Management Assistance Program	7,347	1,763
Various Other Programs	102	100
	$ 26,233	$ 19,469

(a) The Ministry has a contractual obligation with the Piikani Nation of $567 annually until 2009, $800 in 2010, and $800 adjusted annually by the CPI index every year thereafter.

(b) The Ministry has a contractual obligation with the Siksika Nation of $127 based on 1984 constant dollars. This amount is adjusted annually by the preceding year's rate of change calculated from the GDP index every year thereafter.

(c) The Ministry leases certain equipment under operating leases that expire on various dates to 2011. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2007	$ 1,290
2008	1,081
2009	800
2010	582
2011	532
Thereafter	329
Total	$ 4,614

notes to the financial statements

Year ended March 31, 2006 (in thousands)

Note 6
Contingent Liabilities

At March 31, 2006, the Ministry is a defendant in twenty-one legal claims (2005 – seventeen legal claims). Seventeen of these claims have specified amounts totalling $170,586 and the remaining four have not specified any amount (2005 – fourteen claims with a specified amount of $100,125 and the remaining three with no specified amount). Included in the total legal claims are five claims in which the Ministry has been named as the sole defendant (2005 – six legal claims). Four of these claims have a specified amount totalling $4,846 and the remaining one claim has no specified amount (2005 – four claims with a specified amount of $4,846 and the remaining two claims have no specified amount). In addition, there are nine claims in which the Ministry has been jointly named with other entities (2005 – five legal claims). Six of these claims have specified amounts totalling $160,081 and the remaining three claims have no specified amount (2005 – four claims with specified amounts totalling $89,720 and the remaining one claim with no specified amount). One claim amounting to $2,080 is partially covered by Alberta Risk Management Fund (2005 – one claim amounting to $2,080) and six claims amounting to $3,579 are covered by the Alberta Risk Management Fund (2005 – five claims with specified amounts totalling $3,479).

The resulting loss, if any, from these claims cannot be determined.

Note 7
Trust Fund Under Administration

The Ministry administers a trust fund that is a regulated fund consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the fund and administers it for the purpose of the trust, it is not included in the Ministry's financial statements.

At March 31, 2006, the trust fund under administration is as follows:

	2006	2005
Environmental Protection Security Fund	$ 4,758	$ 4,633
	$ 4,758	$ 4,633

In addition to the above trust fund under administration, the Ministry holds bank guarantees in the form of letters of credit and promissory notes in the amount of $548,396 (2005 – $435,229). The majority of these guarantees are held to assure satisfactory reclamation of coal and oilsands operations, sand and gravel pits, landfills, hazardous waste management and hazardous recyclable facilities.

notes to the financial statements Year ended March 31, 2006 (in thousands)

Note 8
Defined Benefit Plans

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $4,676 for the year ended March 31, 2006 (2005 – $3,897).

At December 31, 2005, the Management Employees Pension Plan reported a deficiency of $165,895 (2004 – $268,101) and the Public Service Pension Plan reported a deficiency of $187,704 (2004 – $450,068). At December 31, 2005, the Supplementary Retirement Plan for Public Service Managers had a surplus of $10,018 (2004 – $9,404).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2006, the Bargaining Unit Plan reported an actuarial deficiency of $8,699 (2005 – $11,817) and the Management, Opted Out and Excluded Plan an actuarial surplus of $8,309 (2005 – $3,208). The expense for these two plans is limited to employer's annual contributions for the year.

Note 9
Comparative Figures

Certain 2005 figures have been reclassified to conform to the 2006 presentation.

Note 10
Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

revenues

Schedule 1

Year ended March 31, 2006
(in thousands)

	2006		2005
	Budget	Actual	Actual
Internal Government Transfers			
Revenue from the Environmental Protection and Enhancement Fund for Statutory Programs	$ 4,925	$ 3,457	$ 4,065
Lottery Fund	500	500	–
	5,425	3,957	4,065
Premiums, Fees and Licences			
Lands and Grazing	55	52	57
Water Power Rentals	650	1,128	798
Other	1,617	1,478	976
	2,322	2,658	1,831
Investment Income	–	2	4
Other Revenue			
Refunds of Expenditure	–	438	540
Water Resources	1,081	4,626	1,555
Other	–	158	186
	1,081	5,222	2,281
	$ 8,828	$ 11,839	$ 8,181

dedicated revenue initiatives

Schedule 2

Year ended March 31, 2006
(in thousands)

	2006		
	Authorized Dedicated Revenues	Actual Dedicated Revenues	(Shortfall)/ Excess
Water Management Infrastructure	$ 750	$ 4,549	$ 3,799
	$ 750	$ 4,549	$ 3,799

The Water Management Infrastructure dedicated revenue initiative refers to the maintenance and upgrading of the provincial water management infrastructure system. Revenues are received through the Use of Works Agreements whereby developers pay an annual fee to the Province.

The dedicated revenue presented in this schedule is included in the Ministry's Statement of Operations.

expenses – directly incurred detailed by object

Schedule 3

Year ended March 31, 2006
(in thousands)

	2006		2005
	Budget	Actual	Actual
Voted			
Salaries, Wages and Employee Benefits	$ 65,600	$ 64,574	$ 58,495
Supplies and Services	43,315	39,947	33,723
Grants	4,359	13,584	17,687
Financial Transactions and Other	83	93	84
Amortization of Tangible Capital Assets	19,461	19,284	18,174
	$ 132,818	$ 137,482	$ 128,163
Statutory			
Salaries, Wages and Employee Benefits	$ –	$ 339	$ 35
Supplies and Services	4,925	3,017	3,770
Grants	–	101	260
Valuation Adjustments			
Provision for Vacation Pay	99	873	224
Provision for Remediation and Reclamation	–	1,383	–
	$ 5,024	$ 5,713	$ 4,289

budget

Schedule 4

Year ended March 31, 2006
(in thousands)

	2005-2006 Estimates	Authorized Supplementary (a)	2005-2006 Authorized Budget
Revenues:			
Internal Government Transfers	$ 5,425	$ –	$ 5,425
Premiums, Fees and Licences	2,322	–	2,322
Other Revenue	1,081	–	1,081
	8,828	–	8,828
Expenses – Directly Incurred:			
Voted Operating Expenses			
Approvals	15,082	–	15,082
Compliance and Enforcement	9,433	–	9,433
Monitoring and Evaluation	17,179	–	17,179
Standards	5,560	–	5,560
Water Operations	14,414	–	14,414
Business Planning and Performance	2,543	–	2,543
Policy Development and Innovation	8,819	–	8,819
Water for Life	5,127	–	5,127
Climate Change	5,057	–	5,057
Educational Awareness	3,246	–	3,246
Integrated Resource Management	7,391	–	7,391
Intergovernmental Relationships and Partnerships	3,510	5,200	8,710
Ministry Support Services	15,996	–	15,996
Amortization of Tangible Capital Assets	19,461	–	19,461
	132,818	5,200	138,018
Statutory Expenses			
Land Reclamation Program	2,800	–	2,800
Emergency Spills and Cleanups	1,525	–	1,525
Drought and Flood Emergencies	600	–	600
Valuation Adjustments			
Provision for Vacation Pay	99	–	99
	5,024	–	5,024
	137,842	5,200	143,042
Net Operating Results	$ (129,014)	$ (5,200)	$ (134,214)
Equipment/Inventory Purchases	$ 3,185	$ –	$ 3,185

(a) Supplementary Estimates were approved on December 1, 2005. Treasury Board approval is pursuant to section 29 (1.1) of the *Financial Administration Act*.

comparison of expenses – directly incurred, equipment/inventory purchases and statutory expenses by element to authorized budget

Schedule 5

Year ended March 31, 2006
(in thousands)

	2005-2006 Estimates	Authorized Supplementary (a)	2005-2006 Authorized Budget	2005-2006 Actual (b)	Unexpended (Over Expended)
Voted Operating Expenses and Equipment/Inventory Purchases					
Ministry Support Services					
1.0.1 Minister's Office	$ 375	$ –	$ 375	$ 375	$ –
1.0.2 Deputy Minister's Office	395	–	395	395	–
1.0.3 Communications	776	–	776	690	86
1.0.4 People Services					
- Operating Expense	915	–	915	1,057	(142)
- Equipment/Inventory Purchases	–	–	–	6	(6)
1.0.5 Corporate Services					
- Operating Expense	7,990	–	7,990	7,565	425
- Equipment/Inventory Purchases	–	–	–	245	(245)
1.0.6 Corporate Costs	5,545	–	5,545	5,343	202
Total Program 1	15,996	–	15,996	15,676	320
Assuring Environmental Quality					
2.0.1 Approvals	15,082	–	15,082	15,237	(155)
2.0.2 Compliance and Enforcement	9,433	–	9,433	9,718	(285)
2.0.3 Monitoring and Evaluation					
- Operating Expense	17,179	–	17,179	17,360	(181)
- Equipment/Inventory Purchases	255	–	255	362	(107)
2.0.4 Standards	5,560	–	5,560	5,478	82
2.0.5 Water Operations					
- Operating Expense	14,414	–	14,414	12,953	1,461
- Equipment/Inventory Purchases	30	–	30	54	(24)
2.0.6 Business Planning and Performance	2,543	–	2,543	2,062	481
2.0.7 Policy Development and Innovation					
- Operating Expense	8,819	–	8,819	11,121	(2,302)
- Equipment/Inventory Purchases	100	–	100	13	87
2.0.8 Amortization of Tangible Capital Assets	19,461	–	19,461	19,284	177
Total Program 2	92,876	–	92,876	93,642	(766)

comparison of expenses – directly incurred, equipment/inventory purchases and statutory expenses by element to authorized budget

Schedule 5 – (continued)

Year ended March 31, 2006
(in thousands)

	2005-2006 Estimates	Authorized Supplementary (a)	2005-2006 Authorized Budget	2005-2006 Actual (b)	Unexpended (Over Expended)
Voted Operating Expenses and Equipment/Inventory Purchases – (continued)					
Sharing Environmental Management and Stewardship					
3.0.1 Water for Life					
- Operating Expense	5,127	–	5,127	5,538	(411)
- Equipment/Inventory Purchases	2,800	–	2,800	2,859	(59)
3.0.2 Climate Change	5,057	–	5,057	4,936	121
3.0.3 Educational Awareness					
- Operating Expense	2,746	–	2,746	2,760	(14)
- Operating Expense Funded by Lotteries	500	–	500	500	–
3.0.4 Integrated Resource Management					
- Operating Expense	7,391	–	7,391	6,660	731
- Equipment/Inventory Purchases	–	–	–	5	(5)
3.0.5 Intergovernmental Relationships and Partnerships	3,510	5,200	8,710	8,450	260
Total Program 3	27,131	5,200	32,331	31,708	623
	$ 136,003	$ 5,200	$141,203	$141,026	$ 177
Operating Expense	$ 132,818	$ 5,200	$138,018	$137,482	$ 536
Equipment/Inventory Purchases	3,185	–	3,185	3,544	(359)
	$ 136,003	$ 5,200	$141,203	$141,026	$ 177
Statutory Expenses					
Land Reclamation Program	$ 2,800	$ –	$ 2,800	$ 1,417	$ 1,383
Emergency Spills and Cleanups	1,525	–	1,525	1,857	(332)
Drought and Flood Emergencies	600	–	600	183	417
Valuation Adjustments	99	–	99	2,256	(2,157)
	$ 5,024	$ –	$ 5,024	$ 5,713	$ (689)

(a) Supplementary Estimates were approved on December 1, 2005. Treasury Board approval is pursuant to section 29(1.1) of the *Financial Administration Act.*

(b) Includes achievement bonus amounting to $1,515.

salary and benefits disclosure

Schedule 6

Year ended March 31, 2006
(in thousands)

	2006				2005
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
Deputy Minister[4]	$ 189,591	$ 44,000	$ 43,447	$ 277,038	$ 171,198
Assistant Deputy Ministers					
Environmental Assurance Division[5]	113,117	20,464	25,332	158,913	141,673
Regional Services Division[6]	119,650	21,566	29,634	170,850	165,440
Strategic Directions Division[7]	63,252	–	12,076	75,328	186,992
Corporate Services Division[8]	148,240	22,518	37,643	208,401	177,561
Director, People Services	103,428	15,363	28,654	147,445	129,147

(1) Base salary includes regular base pay.
(2) Other cash benefits include bonuses, vacation payouts, overtime and lump sum payments.
(3) Other non-cash benefits include government's share of all employee benefits and contribution or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships, and tuition fees.
(4) Automobile provided, no dollar amount included in benefits and allowances.
(5) The Assistant Deputy Minister of Environmental Assurance Division was filled in June 2005.
(6) The Assistant Deputy Minister of Regional Services Division was filled in June 2005.
(7) The position became part of Executive Mobility Program on September 12, 2005. Salary and benefits for Executive Mobility Program participants are paid by Personnel Administration Office.
(8) The Assistant Deputy Minister of Corporate Services Division was created in November 2005. The incumbent was formerly the Executive Director of Corporate Services Division. The position of Executive Director of Corporate Services Division has now been terminated.

related party transactions

Schedule 7

Year ended March 31, 2006
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2006	2005
Revenue		
Internal Government Transfers	$ 3,957	$ 4,065
	$ 3,957	$ 4,065
Expenses – Directly Incurred		
Other Services	$ 6,088	$ 6,609
	$ 6,088	$ 6,609
Tangible Capital Assets Transferred	$ 16,695	$ 37,007
Receivable from	$ 1,023	$ 1,435

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

	Other Entities	
	2006	2005
Expenses – Incurred by Others		
Accommodation	$ 6,311	$ 5,510
Legal	1,808	1,689
Water Management Infrastructure Maintenance	4,111	2,900
Air Transportation/Executive Vehicles	25	24
	$ 12,255	$ 10,123

allocated costs

Schedule 8

Year ended March 31, 2006
(in thousands)

	2006							2005
		Expenses – Incurred by Others			Valuation Adjustments			
Program	Expenses[1]	Accommodation Costs[2]	Legal Services[3]	Water Management Infrastructure Maintenance	Vacation Pay[4]	Remediation and Reclamation	Expenses	Expenses
Approvals	$ 15,237	$ 1,357	$ 303	$ –	$ 187	$ –	$ 17,084	$ 15,630
Compliance and Enforcement	9,718	840	202	–	92	–	10,852	9,566
Monitoring and Evaluation	17,360	903	214	–	85	–	18,562	13,804
Standards	5,478	361	45	–	69	–	5,953	6,518
Water Operations	12,953	679	296	4,111	45	–	18,084	16,194
Business Planning and Performance	2,062	102	70	–	5	–	2,239	2,315
Policy Development and Innovation	11,121	475	177	–	169	1,383	13,325	8,261
Reclamation and Emergency Preparedness	3,457	–	–	–	–	–	3,457	4,065
Water for Life	5,538	71	70	–	15	–	5,694	3,810
Climate Change	4,936	126	41	–	14	–	5,117	5,616
Educational Awareness	3,260	133	26	–	22	–	3,441	3,129
Integrated Resource Management	6,660	526	158	–	(7)	–	7,337	7,059
Intergovernmental Relationships and Partnerships	8,450	102	87	–	8	–	8,647	13,675
Ministry Support Services	15,425	636	119	–	169	–	16,349	14,735
Amortization of Tangible Capital Assets	19,284	–	–	–	–	–	19,284	18,174
	$ 140,939	$ 6,311	$ 1,808	$ 4,111	$ 873	$ 1,383	$ 155,425	$ 142,551

(1) Expenses – Directly Incurred as per Statement of Operations, excluding valuation adjustments.
(2) Costs shown for Accommodation on Schedule 7, allocated by budgeted Full-Time Equivalent Employment.
(3) Costs shown for Legal Services on Schedule 7, allocated by estimated costs by each program.
(4) Valuation Adjustments as per Statement of Operations. Vacation Pay is allocated by employee.

alphabetical list of entities' financial statements in ministry 2005-06 annual reports

Entities Included in the Consolidated Government Reporting Entity

MINISTRY, DEPARTMENT, FUND OR AGENCY > MINISTRY ANNUAL REPORT

Access to the Future Fund[1] > Advanced Education
Agriculture Financial Services Corporation > Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission > Health and Wellness
Alberta Capital Finance Authority > Finance
Alberta Energy and Utilities Board > Energy
Alberta Foundation for the Arts > Community Development
Alberta Gaming and Liquor Commission > Gaming
Alberta Heritage Foundation for Medical Research Endowment Fund > Finance
Alberta Heritage Savings Trust Fund > Finance
Alberta Heritage Scholarship Fund > Finance
Alberta Heritage Science and Engineering Research Endowment Fund > Finance
Alberta Historical Resources Foundation > Community Development
Alberta Insurance Council > Finance
Alberta Local Authorities Pension Plan Corporation[2] > Finance
Alberta Pensions Administration Corporation > Finance
Alberta Petroleum Marketing Commission > Energy
Alberta Research Council Inc. > Innovation and Science
Alberta Risk Management Fund > Finance
Alberta School Foundation Fund > Education
Alberta Science and Research Authority > Innovation and Science
Alberta Securities Commission > Finance
Alberta Social Housing Corporation > Seniors and Community Supports
Alberta Sport, Recreation, Parks and Wildlife Foundation > Community Development
Alberta Treasury Branches > Finance
ATB Investment Management Inc. > Finance
ATB Investment Services Inc. > Finance
ATB Services Inc. > Finance

1 Established July 10, 2005
2 Incorporated December 16, 2005

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Child and Family Services Authorities > Children's Services
- Calgary and Area Child and Family Services Authority
- Central Alberta Child and Family Services Authority
- East Central Alberta Child and Family Services Authority
- Edmonton and Area Child and Family Services Authority
- North Central Alberta Child and Family Services Authority
- Northeast Alberta Child and Family Services Authority
- Northwest Alberta Child and Family Services Authority
- Southeast Alberta Child and Family Services Authority
- Southwest Alberta Child and Family Services Authority
- Metis Settlements Child and Family Services Authority

Credit Union Deposit Guarantee Corporation > Finance
Department of Agriculture, Food and Rural Development > Agriculture, Food and Rural Development
Department of Advanced Education > Advanced Education
Department of Children's Services > Children's Services
Department of Community Development > Community Development
Department of Education > Education
Department of Energy > Energy
Department of Finance > Finance
Department of Gaming > Gaming
Department of Health and Wellness > Health and Wellness
Department of Innovation and Science > Innovation and Science
Department of Seniors and Community Supports > Seniors and Community Supports
Department of Solicitor General and Public Security > Solicitor General and Public Security
Department of Sustainable Resource Development > Sustainable Resource Development
Environmental Protection and Enhancement Fund > Sustainable Resource Development
Gainers Inc. > Finance
Government House Foundation > Community Development
Historic Resources Fund > Community Development
Human Rights, Citizenship and Multiculturalism Education Fund > Community Development
iCORE Inc. > Innovation and Science
Lottery Fund > Gaming
Ministry of Aboriginal Affairs and Northern Development[3] > Aboriginal Affairs and Northern Development
Ministry of Advanced Education > Advanced Education
Ministry of Agriculture, Food and Rural Development > Agriculture, Food and Rural Development
Ministry of Children's Services > Children's Services
Ministry of Community Development > Community Development
Ministry of Economic Development[3] > Economic Development
Ministry of Education > Education

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Ministry of Energy > Energy
Ministry of Environment[3] > Environment
Ministry of Executive Council[3] > Executive Council
Ministry of Finance > Finance
Ministry of Gaming > Gaming
Ministry of Government Services[3] > Government Services
Ministry of Health and Wellness > Health and Wellness
Ministry of Human Resources and Employment[3] > Human Resources and Employment
Ministry of Infrastructure and Transportation[3] > Infrastructure and Transportation
Ministry of Innovation and Science > Innovation and Science
Ministry of International and Intergovernmental Relations[3] > International and Intergovernmental Relations
Ministry of Justice[3] > Justice
Ministry of Municipal Affairs[3] > Municipal Affairs
Ministry of Restructuring and Government Efficiency[3] > Restructuring and Government Efficiency
Ministry of Seniors and Community Supports > Seniors and Community Supports
Ministry of Solicitor General and Public Security > Solicitor General and Public Security
Ministry of Sustainable Resource Development > Sustainable Resource Development
N.A. Properties (1994) Ltd. > Finance
Natural Resources Conservation Board > Sustainable Resource Development
Persons with Developmental Disabilities Community Boards: > Seniors and Community Supports
  Calgary Region Community Board
  Central Region Community Board
  Edmonton Region Community Board
  Northeast Region Community Board
  Northwest Region Community Board
  South Region Community Board
Persons with Developmental Disabilities Provincial Board > Seniors and Community Supports
Provincial Judges and Masters in Chambers Reserve Fund > Finance
Safety Codes Council > Municipal Affairs
Supplementary Retirement Plan Reserve Fund > Finance
Victims of Crime Fund > Solicitor General and Public Security
Wild Rose Foundation > Community Development

3 Ministry includes only the departments so separate departmental financial statements are not necessary.

alphabetical list of entities' financial statements in ministry 2005-06 annual reports

Entities Not Included in the Consolidated Government Reporting Entity

FUND OR AGENCY > MINISTRY ANNUAL REPORT

Alberta Foundation for Health Research > Innovation and Science
Alberta Heritage Foundation for Medical Research > Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research > Innovation and Science
Alberta Teachers' Retirement Fund Board > Education
Improvement Districts' Trust Account > Municipal Affairs
Local Authorities Pension Plan > Finance
Long-Term Disability Income Continuance Plan – Bargaining Unit > Human Resources and Employment
Long-Term Disability Income Continuance Plan – Management, Opted Out and Excluded > Human Resources and Employment
Management Employees Pension Plan > Finance
Provincial Judges and Masters in Chambers Pension Plan > Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan > Finance
Public Service Management (Closed Membership) Pension Plan > Finance
Public Service Pension Plan > Finance
Special Areas Trust Account > Municipal Affairs
Special Forces Pension Plan > Finance
Supplementary Retirement Plan for Public Service Managers > Finance
Workers' Compensation Board > Human Resources and Employment

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School, Universities, Colleges and Hospitals Included in the Consolidated Government Reporting Entity on a Modified Equity Basis[4]

SCHOOL BOARDS AND SCHOOLS > MINISTRY ANNUAL REPORT

Almadina School Society > Education
Aspen View Regional Division No. 19 > Education
Aurora School Ltd. > Education
Battle River Regional Division No. 31 > Education
Black Gold Regional Division No. 18 > Education
Boyle Street Education Centre > Education
Buffalo Trail Public Schools Regional Division No. 28 > Education
Calgary Arts Academy Society > Education
Calgary Girls' School Society > Education
Calgary Roman Catholic Separate School District No. 1 > Education
Calgary School District No. 19 > Education
Calgary Science School Society > Education
Canadian Rockies Regional Division No. 12 > Education
CAPE-Centre for Academic and Personal Excellence Institute > Education
Chinook's Edge School Division No. 73 > Education
Christ the Redeemer Catholic Separate Regional Division No. 3 > Education
Clearview School Division No. 71 > Education
East Central Alberta Catholic Separate Schools Regional Division No. 16 > Education
East Central Francophone Education Region No. 3 > Education
Edmonton Catholic Separate School District No. 7 > Education
Edmonton School District No. 7 > Education
Elk Island Catholic Separate Regional Division No. 41 > Education
Elk Island Public Schools Regional Division No. 14 > Education
Evergreen Catholic Separate Regional Division No. 2 > Education
Foothills School Division No. 38 > Education
Fort McMurray Roman Catholic Separate School District No. 32 > Education
Fort McMurray School District No. 2833 > Education
Fort Vermilion School Division No. 52 > Education
Foundations for the Future Charter Academy Charter School Society > Education
Golden Hills School Division No. 75 > Education
Grande Prairie Roman Catholic Separate School District No. 28 > Education
Grande Prairie Public School District No. 2357 > Education
Grande Yellowhead Regional Division No. 35 > Education
Grasslands Regional Division No. 6 > Education
Greater North Central Francophone Education Region No. 2 > Education

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Greater Southern Public Francophone Education Region No. 4 > Education
Greater Southern Separate Catholic Francophone Education Region No. 4 > Education
Greater St. Albert Catholic Regional Division No. 29 > Education
High Prairie School Division No. 48 > Education
Holy Family Catholic Regional Division No. 37 > Education
Holy Spirit Roman Catholic Separate Regional Division No. 4 > Education
Horizon School Division No. 67 > Education
Lakeland Roman Catholic Separate School District No. 150 > Education
Lethbridge School District No. 51 > Education
Living Waters Catholic Regional Division No. 42 > Education
Livingstone Range School Division No. 68 > Education
Medicine Hat Catholic Separate Regional Division No. 20 > Education
Medicine Hat School District No. 76 > Education
Moberly Hall School Society > Education
Mother Earth's Children's Charter School Society > Education
New Horizons Charter School Society > Education
Northern Gateway Regional Division No. 10 > Education
Northern Lights School Division No. 69 > Education
Northland School Division No. 61 > Education
Northwest Francophone Education Region No. 1 > Education
Palliser Regional Division No. 26 > Education
Parkland School Division No. 70 > Education
Peace River School Division No. 10 > Education
Peace Wapiti School Division No. 76 > Education
Pembina Hills Regional Division No. 7 > Education
Prairie Land Regional Division No. 25 > Education
Prairie Rose Regional Division No. 8 > Education
Red Deer Catholic Regional Division No. 39 > Education
Red Deer School District No. 104 > Education
Rocky View School Division No. 41 > Education
St. Albert Protestant Separate School District No. 6 > Education
St. Paul Education Regional Division No. 1 > Education
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38 > Education
Sturgeon School Division No. 24 > Education
Suzuki Charter School Society > Education
Westmount Charter School Society > Education
Westwind School Division No. 74 > Education
Wetaskiwin Regional Division No. 11 > Education
Wild Rose School Division No. 66 > Education
Wolf Creek School Division No. 72 > Education

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UNIVERSITIES > MINISTRY ANNUAL REPORT

Athabasca University > Advanced Education
The University of Alberta > Advanced Education
The University of Calgary > Advanced Education
The University of Lethbridge > Advanced Education

COLLEGES > MINISTRY ANNUAL REPORT

Alberta College of Art and Design > Advanced Education
Bow Valley College > Advanced Education
Grande Prairie Regional College > Advanced Education
Grant MacEwan College > Advanced Education
Keyano College > Advanced Education
Lakeland College > Advanced Education
Lethbridge Community College > Advanced Education
Medicine Hat College > Advanced Education
Mount Royal College > Advanced Education
NorQuest College > Advanced Education
Northern Lakes College > Advanced Education
Olds College > Advanced Education
Portage College > Advanced Education
Red Deer College > Advanced Education

TECHNICAL INSTITUTES AND THE BANFF CENTRE > MINISTRY ANNUAL REPORT

Northern Alberta Institute of Technology > Advanced Education
Southern Alberta Institute of Technology > Advanced Education
The Banff Centre for Continuing Education > Advanced Education

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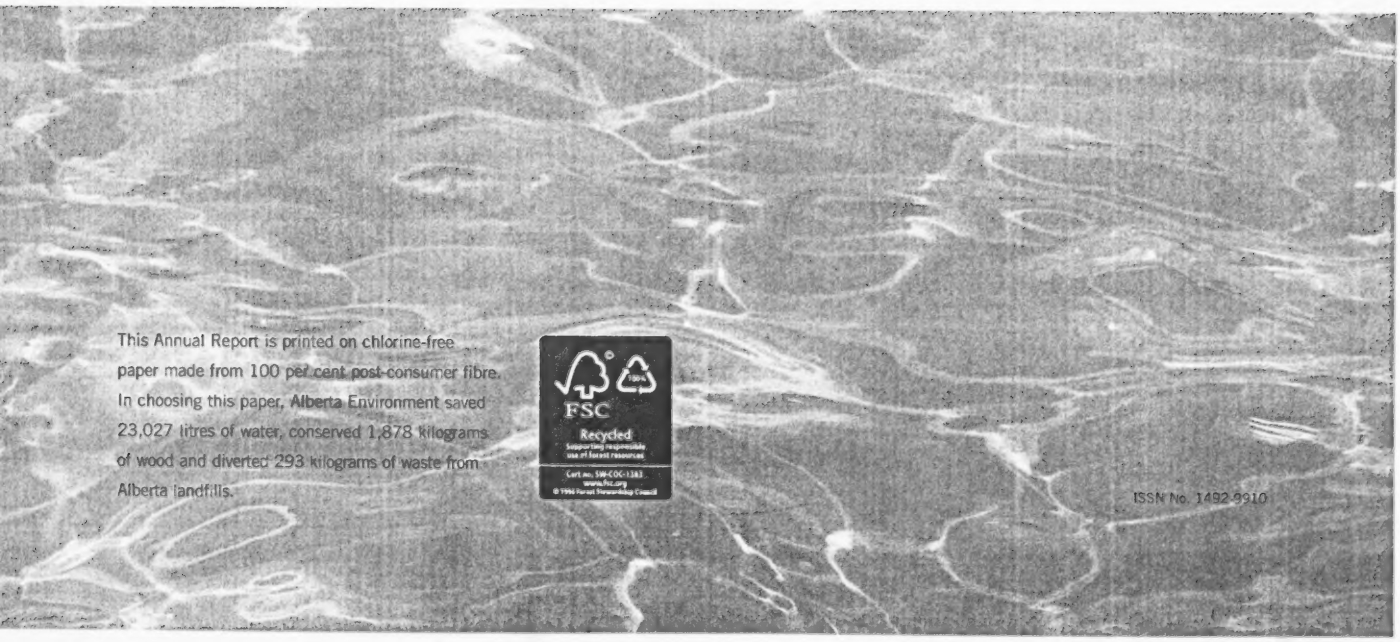
REGIONAL HEALTH AUTHORITIES AND OTHER HEALTH INSTITUTIONS > MINISTRY ANNUAL REPORT

Alberta Cancer Board > Health and Wellness
Alberta Mental Health Board > Health and Wellness
Aspen Regional Health Authority > Health and Wellness
Calgary Health Region > Health and Wellness
Capital Health > Health and Wellness
Chinook Regional Health Authority > Health and Wellness
David Thompson Regional Health Authority > Health and Wellness
East Central Health > Health and Wellness
Northern Lights Regional Health Authority > Health and Wellness
Peace Country Health > Health and Wellness
Palliser Health Region > Health and Wellness

4 The Public Sector Accounting Board of the Canadian Institute of Chartered Accountants has issued standards that require controlled entities to be fully consolidated line-by-line. In a transitional period to March 31, 2008, the Ministry is permitted to use the modified equity method of accounting. Under the modified equity method, the controlled entities' net assets and operating results would be included in one line on the Ministry's consolidated statements of financial position and operations, respectively. The Ministry has not yet included the financial statements of these controlled entities. In the transitional period, the government will assess when and how to include these controlled entities in the Ministry's consolidated financial statements. The financial results of these controlled entities are included in the consolidated financial statements of the Province of Alberta for the year ended March 31, 2006 on a modified equity basis.



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